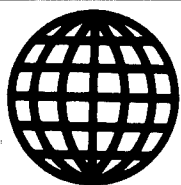


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HUNGARY

Scholar Sees Party Democracy as Condition for Political Reform

25000162 Budapest MOZGO VILAG in Hungarian
No 3, Mar 1988 pp 3-10

[Article by Attila Agh: "Democratic Challenge." Born in Budapest in 1941, the author is a 1964 graduate of ELTE (Lorant Eotvos University of Arts and Sciences, Budapest), holds a doctorate in philosophy and history, and is a political scientist]

[Text] The conceptualization of the democratic challenge is relatively new in Hungary. Actually, the idea occurred and was accurately defined only in the mid-1980's in the form of a new upswing through democratization, or as the alternative to falling behind on an international scale or being squeezed out to the peripheries. The necessity of the historic meeting and substantive linkage of socialism and democracy defined earlier at an abstract level by representatives of international marxism has by now emerged as a practical necessity. And it appeared as an urgent necessity, because we no longer have time to waste. Since the global crisis of the mid-1970's we have used up the maximum time we could spare for adaptation. The times we live in are bound to change destinies. In such times delays only increase crisis phenomena. There are deep cracks in the economic and social system; one can hear loud cries emanating from the most diverse spheres of society, from education through healthcare to socio-political concerns, etc. Only a response to the democratic challenge can assure a substantive change from the semblance of activities created by delays, to real activities which resolve the crisis.

The democratic challenge has assumed a specific stature in the changed role of Parliament. After the Fall 1987 parliamentary session it appears that the "yes men" Parliament is in its final days—the times when "representatives were presented with finished laws," and all they had to do was to say "yes." (Footnote 1) The Fall session established—or returned—a new form and direction of politics; in more specific terms it reintroduced the art of active, responsible and concerned "political discourse" which one can truly learn only in the "school of democracy." At the same time, a broadly-based dissatisfaction with the earlier formal functioning of Parliament was articulated and discussed by the politically oriented public. This debating Parliament is a fundamentally new phenomenon in Hungarian political life. It clearly points in a direction in which the revival of democratic traditions will act to gradually permit representative democracy to assume the role which is awaiting its arrival in the political system. This role transcends the "extensive" political system based on the omnipotence and omnipresence of the state and the political sphere, and instead performs within an "intensive" political system the real political function of social direction. (Footnote 2)

In taking the initial steps the hesitant question and doubt of "where to" and "how to" proceed is frequently asked. Although Hungarian political science has not been spoiled by social and political conditions, one can still say that in the framework of debates in Hungary a sketch of the contents and main directions of the democratic challenge has emerged. This writing summarizes some of the more important experiences gained from these debates. Within the body of political science during the 1980's there evolved a wide-ranging debate concerning the possibilities and mutual relationship of the main trends of democratization. Notably, these trends are: (1) popular representative democracy in Parliament; (2) functional or corporate democracy (the regulation of the large, organized interest groups); and (3) local or direct democracy (self-governance and autonomies). Although the debates produced various "schedules" as to when and how various kinds of democratization [steps] should be linked to each other and which kind should dominate, there came about a general agreement to the effect that 1. the evolution of a broadly-based, in-depth parliamentary popular representative democracy is the essence and societal framework of the democratic challenge; and 2. what is important in the process of democratization, or in the radical reform of the political institutional system is not so much the development of individual trends by themselves. Instead, it is important to link these trends through their joint development, i.e. resulting in a process in which these trends are mutually reinforced, "with positive feedback." (Footnote 3)

Reform of the Party's Leading Role

Characteristic of the circumstances and causes which delayed political modernization is that while there exists broad societal and professional debate concerning the issues of a popular representative system or local democracy, there exists no such broadly-based debate concerning the reform of the party's leading role. However: "If I recognize the existence of interests, I must make the social organizations suitable to express those interests, and if this is the case, the party's role must be adjusted accordingly. If the party remains in its old position, it will be confronted with tendencies by which differences in interests and opinions wish to assure that they be heard in public." This statement clearly defines the need to reform the party's leading role, but it also states the obstacles and retardant forces that stand in the way of such reform: "Certain viewpoints reject from the outset the idea of reevaluating the party's leading role as an idea that is contrary to socialism. This is so, even though the interpretation of the party's leading role became an issue whenever the political structure of society was changed. This is necessarily so. If it is true that the party is the center of the political structure, then each change in the political system must result in a change also with respect to the party." (Footnote 4)

Unfortunately, however, the issue of modernizing the party's leading role is considered as an expressly delicate subject, moreover, a taboo, even today. This is so, even

though I should hardly have to stress the point that if the party (leadership) is the essence, the point of gravitation and the decision-making center of the extensive political system, then the extensive political system, and with it the entire "extensive" transitional society, cannot be transcended without reforming the party's leading role. This recognition is also reflected in political documents and in the speeches by leading politicians. It appears mostly in terms of putting an end to the direct intertwining of the party and the state, and in the form of a transition from the party's specific operational-directive role to a theoretical-orientative role. The discussion of the issue, however, does not progress in the direction of becoming more specific, or it becomes asphyxiated in the course of debates concerning party democracy—mostly rather formal debates which reinterpret the concept of democratic centralism by way of pale shades of color. The need expressed by the sister-parties (Polish) sounds as a more lively statement: a "self-opposition" mechanism must be created by and within the party and for the role it plays in society, and at the same time the parties "must learn anew how to exist as a political mass movement." (Footnote 5) The inner linkage of this dual need is clear and invigorating: obviously, the idea of "self-opposition" stems from the very character of the movement, while its opposite, tunnel vision stems from the dominance of the apparatus-spirit over the movement aspect.

Accordingly, the seed for political alternatives is the modernization of the party's leading role, and this issue must emerge from the twilight of issues [qualified as] delicate or taboo, and must become the topic of lively, inspiring debate at the minimum within the party, but preferably by political public opinion as a whole. In my judgment, the taboo character, and thus the unmanageable character of the issue stems from the fact that the specific form of the party's leading role, the "extensive" directive role it fulfills in the extensive political system pro and con, is identified with the party's leading role in general. Accordingly, any critique of the old type leading role becomes suspect of having an opposition character on the one hand, while the actual opposition can easily forge political capital out of the contradictions and malfunctions of the "extensive" leading role, on the other. One can break out of this flawed circle by recognizing and acknowledging the fact that 1. this leading role has undergone much change in the history of the ruling party, and specifically in Hungary during the past three decades, and that accordingly, it is absurd to portray one of its given forms as an absolute; and 2. the present practice of individual leading parties in the various socialist countries differs greatly, not to mention their forms of power and governance (the functions of people's front organizations and formal multi-party systems). The spasm of silence that surrounds this issue may be resolved only by way of a historical approach to the party's leading role and to its imbeddedness in all of society. Only this can lead to substantial progress in the development of a new approach.

The debates of the 1980's articulated the fact that the essence of the party's function is the societal integration of interests, i.e. the representation of the general interest. But at the same time the debates revealed that the general interest or the societal interest has lost its earlier meaning, and with that the given form of interest representation lost its earlier function. Prior to the 1970's the general interest "expressed a positive relationship with the new social system, with socialism." Along with consolidation, "the above-described conception of general interest, and this category's function supportive of the party's leading role became vacant. The earlier reasoning was no longer able to provide specific meaning to the party's leading role. It thus happened that a view critical of the earlier view emerged, by which the general interest represented by the party was none other than elevation of the party apparatus to a general level, or the isolated interest of specialized direction, or the group interest monopoly accepted and supported by the party. (Footnote 6) The concept of general interest having discharged its meaning in this manner is a typical indication that the permanent revolution has tired out: having historically transcended the acceptance, the consolidation of the new order as well as the placing into the forefront of its relationship to the new order, now manifests the malfunctioning character only within the surviving framework as an empty form.

Thus: "The economic events of the second half of the 1970's, as well as the present trends suggest that while maintaining the practice of operational direction—and in part as a result of that—the party did not appropriately reinforce its role as a political catalyst and its conceptualizing role. Accordingly, at the time when historic choices and changes in strategy were on the agenda, the party could not exercise its role as an initiator, moreover, because of the burdens implicit in the direction of the extensive system, the party itself became over-burdened, and accepted [additional] political burdens. Growing conflicts of interest within the increasingly complex socio-economic spheres—which were further increased by the global crisis—prompted the party, which functioned with an "extensive" mode of operation, to make direct decisions. This was so, even though "central party leadership has only very limited ability to render political evaluations of proposed decisions which have been developed by branch and functional directive organs of the state, and which were professionally comprehensive and appropriately interpreted. In many instances the essence of the party's directing activity manifests itself in a party decision legitimizing, defining as "the party's will" recommendations which were developed by individual state organs in the interest of their individual partial interests. In the early 1970's there was a chance and a need for the renewal of the party's leading role (in the direction of becoming a catalyst and leading force in society's path-finding), but instead the conflicts of the extensive socio-economic system were treated with extensive means. During the past 15 years divergence between the growing conflicts of the social spheres and economic units on the

one hand, and the party's ability to settle and to direct these conflicts through extensive methods on the other, has grown. This malfunction had its origins in the emergence of partial interests as the party's will. It had a paralyzing effect on the functioning of the apparatus, but was even more paralyzing outwards. Society was rather disturbed because the functioning of this decision-making mechanism "reinforces the conviction in a large segment of public opinion that it is primarily the party decisions that produce various tensions." (Footnote 7)

The political liability that stems from the extensive decision-making mechanism became significant in the period following the global crisis. During that period the partial interests sanctioned by the party increasingly came into conflict with real societal interests, meaning the interest of rapid and substantive structural adaptation. Short-range decisions conflicted with long-range developmental trends, and, as they say, "one or another decision, which 'in and of itself' is not inappropriate, but 'in the final analysis' caused great loss. Today, the responsibility for these decisions does not rest with the specialized ministerial branches or with narrow professional groups. It is the party that bears the political responsibility, because it accepted the political representation of specific natural developments, and of the supportive, not less natural interests." Accordingly, modernization of the extensive decision-making mechanism and of the entire "extensive" leading role is in the best interest of the party (leadership), because the most direct effect [of the extensive approach] is that it leads to increased political tension and a crisis of confidence. The fundamental problem is that [under the extensive approach] there does not come about an institutionalized [form of] interest conveyance and interest representation which corresponds to societal interest stratification, instead all these interests short-circuit within the party, and thus the political sphere discharges itself on the one hand, while all those interests become condensed within the party, where the prevailing partial interests produce short-circuits in decision-making, on the other.

In the final analysis, decisions are made at the urging of external situations, or upon pressure exerted by partial interests. Thus, having excluded the representation of societal interests, the monopoly to make decisions—a political paradox—turns into its own opposite: the political leadership is forced to make decisions, including decisions which are often without foundations and cannot be implemented. Social contradictions were not, or were only to a limited extent expressed as part of the party platform, and most of the time one could find behind the alternatives the party's "interest consideration," i.e. the central accounting for or ranking of certain societal needs. The absence of an organizational expression of interests also resulted in the fact that the party became a decisional center of interests in which it reached decisions primarily on grounds of professional and international political considerations, and to a lesser extent on the basis of surfacing society's real conflicts and movements of interests. (Footnote 8)

The continued survival of the extensive political system in the 1970's thus lead to the loss of effectiveness within the directing mechanism and within the entire social system. The malfunctions of the decision-making system raised substantive questions concerning the party's old type, extensive leading role. In other words, the maintenance of the extensive character in the decision-making system lent a formal character to the party's decision-making monopoly; without the emergence of a competing decisional center, however, the decision-making function in society simply eroded. The party can regain its decision-making jurisdiction both as to its merits and contents if it takes the initiative with respect to strategic change in the already mentioned manner and thereby renews its representation of the societal or general interest. The general interest must be "newly interpreted" in the form of an interest representation systems which is built from the grassroots up, and which, at the highest level of the system emerges as an interest reconciliation, interest integration function. The earlier decision-making mechanism produced counter-selection within the leading bodies and relegated elements of professionalism to the ideological-political background. It also blurred the contours of decisional responsibility. In contrast, in the new mechanism for direction, as a result of intervention only in the final stages, personal suitability, professionalism and political responsibility must become the decisive criterion for the function of leadership. This, however, is possible only, if "below" the highest level of decision-making there exist functional control mechanisms and there evolve alternatives, and if, at the end of the process society requires a truly public and responsible "political" choice between democratically selected alternatives within the individual spheres. "We would stress the importance of a search for control mechanisms which, like effective counter-balances, could assure the continuous provision of information to members of governmental bodies concerning political and other, truly significant alternative opportunities which emerged in the course of preparing decisions, and concerning the professional and political background of proposals." (Footnote 9) The extensive political system shuts off already the formulation of alternatives because as a result of its omnipresence and omnipotence the political system actually listens to itself only, since within its own informational system only the "internal noises," the local, politically weighed pieces of information, the feedback on central decisions flows upwards. In terms of information flow, the malfunctioning character of decisions rests in the fact that already at the lowest level partial interests appear as general interests, and as they flow higher, the general interest character of information gains strength and professional underpinnings so to speak, while in the circular reconciliation mechanisms of executive authorities, at the highest level where the "general interest" meets, it has been shaped and molded into smooth, rounded pebbles of information. "Taken together, the central authorities' excessive burden stemming from day-to-day tasks, along with the multiple

pressures caused by the lobbying system, and the incomprehensibly complicated circular reconciliation mechanisms...—paradoxically—result in a situation in which the excessive burden of daily information notwithstanding, the most important alternatives, such as variants which exists even in the economic crisis situation, do not even reach the highest levels of political leadership." (Footnote 10)

I have made reference earlier to the deep, structural relationship between the extensive political system and the extensive character of the entire social formation. This issue once again arises in the context of the party's leading role, as an extensive political system—and within it the party's lineage, through its own directive mechanism, to the "traditional," or "old" working class as a class base. One must consider the fact that by now the class base has transformed radically, that a "new" working class has come into being pursuant to trends that may be observed in industrially more developed countries, and with and within that new working class the proportion of workers engaged in trained work, white collar work and services is on the increase. Although studies conducted in Hungary point out that the structural change that was missed in the 1970-s is closely related to the traditional or old working class and to the related ideology, these studies indicate to a lesser extent that the transition to the intensive political system, which has become urgent, also means that the party must formulate and reinforce a new kind of class base. In and of itself, this matter demands a new system of direction and a new ideological style. (Footnote 11) The present intermediate situation contains the condensed contradictions of transition also in regards to class base. On the one hand, despite subsidies, the situation of the traditional working class is deteriorating and its dissatisfaction is on the increase. "The unresolved social problems of the past decade and the efficiency problems which constantly emerge in large enterprises have discouraged, and rendered passive and indifferent a part of the 'traditional' worker base." (Footnote 12) On the other hand, the party has not yet succeeded in winning over, and in reinforcing as a class base, the new working class, even though the movement of this class into the forefront is inevitable despite economic stagnation (even if Hungarian statistics cover up this fact.)

Accordingly, in and of itself the transition to an intensive political system is a many-sided, complex process, which, in addition, is deeply imbedded in the intensive transformation of the entire social system. As I mentioned before, the transition to an intensive political system means the actual formation of the polity, replacing the existing extensive, i.e. the omnipotent and omnipresent policy, with the evolution of policy which functions efficiently in its own sphere, in the function of directing society. Polity thus acquires its true role, the function of central direction based on the relative autonomy of social spheres, instead of the extensive political transformation of society. Only in this way can polity

become the representation of the general, societal interest. This representative capacity is not a given, instead it builds from the grassroots and is a final outcome. Thus the method of informal-paternalistic direction and exercise of influence, and with it the sanctioning of partial interests cloaked in the garb of the general interest is exchanged for a democratic corporate decision-making method also at the level of party direction. This decision-making method rests on the management of differences, i.e. it takes into consideration the self-movements and peculiarities of individual social spheres, and is manifestly clashing, and in the final steps reconciling partial interests. The party's central decision-making role and authority does not cease by virtue of introducing this representative feature, instead it gains strength. Having eliminated the heretofore paradoxical political malfunctions, the party's central decision-making would acquire foundations and would become effective. This condition, however, really demands the clear-cut, vertical separation of the party and the state as an institutional system, and the discontinuation of "overlaps." Thus the two decision-making mechanisms would also be separated.

Party Direction and Socialist Pluralism

"Under" and "before" central or party direction, interest stratification and competitive interest representation—"pluralism," if you wish—is natural and unavoidable. Interest stratification is a natural factor, and the essence of the diversity interests is the clashing of interests (followed by reconciliation). Denying or mischanneling this pluralism only increases the conflict-potential of society. "Above" or "after" the level of interest stratification, however, under any political system there follows or arises the level of national political integration, or the central level in which interests are ultimately reconciled, [such reconciliations resulting in] strategic decisions and initiatives for long-term changes. As a matter concerning the continuity of the present system one may ask in what way dynamic stability—a flexible preparedness to change, and a social control—could be formulated through "self-opposition" and "self-restraint" at the level of concentrated power under a single party system? The obvious answer flows from party democracy; instead of [seeking answers from] the overweight of an overly centralized apparatus, the change would follow from the restoration of party membership activities and of the [party's] mass movement character. The entire society, within all of its spheres must learn the transition from a monopolistic-monolith exercise of power to a hegemonistic exercise of power, but nowhere is this problem as urgent and acute as at the party (leadership) level. From the standpoints of specific tasks, the liquidation of the emergency situation and wading out of stagnation, the transition appears in the form of a need to radically improve the effectiveness of society's political direction. The party can strengthen its new kind of leadership role if it espouses the role of the

innovative catalyst, if it establishes an appropriate conflict- and crisis-management mechanism, thereby establishing an institutional system for self-sustaining development, and thus the heir to the socialist revolution would emerge as the repository of social and political reform made permanent.

As I have indicated in the foregoing, the transition from the party's new type of leadership role to the modernization of the entire political system represents the central problem of representation: "The party should consciously seek opportunities for direction through state representative organs. Therefore, this complex cluster of problems—which relates to issues pertaining to the substance of representation, to the electoral system, and to the strengthening of the government's governmental controlling role [sic]—is not merely an area that must be further developed, but from the viewpoint of the totality of party direction it also represents an institutional sphere which can be developed into many directions." (Footnote 13)

The maximum goal of the transition could be defined as socialist social democracy, while its minimum goal is to establish socialist political democracy. By using the term "social democracy" I mean the society-wide construction of functional-corporate and local-direct democracy, which is a more distant task, and however closely it is related to socialist political democracy in the sense that it is a system of representative democracy, the formulation of the latter is the most urgent task, which can be accomplished in a relatively independent fashion. It can be accomplished, in part, on the basis of the elements of the other two forms which are already present today, and in part on the basis of the further, but by far not complete evolution [of these elements].

Socialist political democracy must introduce the principle of stratification and shared power because of social and internal political control on the one hand, and must provide a central role for the PPF because of the effectiveness and homogeneity of its entire system, on the other. This would also ensure that there is a link to social democracy, one that is moving toward the two democratic forms. I strongly disagree with views which consider the sharing of power as a fixture of bourgeois democracy, and in contrast invoke the principle of unified state power in socialism. (Footnote 14) In my judgment the principle of shared power is one of the essential social techniques of European social development which has merit, and which should be adopted as part of the intensive socialist political system. This should be accomplished "below" the party leadership level, at the state level and beyond that, in the form of local and regional (as well as functional) autonomies by separating the party levels and functions from state levels and functions. Society does not fall apart as a result of mutual control exercised with respect to certain of its organs. Mutual control exists today also, but in an adversarial, distorted form. Society does not fall apart especially if we provide institutional guarantees for a

flexible institutional framework, for communications media and contact points by way of the PPF. Only in this way can the increased directing role and effectiveness of, as well as the societal control exercised over the increased political sphere be realized all at once. (Footnote 15)

Today's most urgent task is a rapid and thorough change in the direction of establishing parliamentary representative democracy at the earliest possible date. This could be the only remedy for the present, hardly active society. From there on the cables run in an organic relationship toward the construction of functional democracy (and the simultaneous limitation of large, organized interests), and toward the evolution of local democracy (and the simultaneous liquidation of provincialism, stagnation and alienation). In our society today it becomes apparent what kinds of crisis situations can be caused by the still reversible processes that have begun in our economy as well as in other spheres of society, and where the breaking points come about if the present trend is prolonged. But it is even more important to recognize that on the mid-range, in the generational perspective, some irreversible processes have already taken place. The halting and long-term reversal of these is possible only by stirring up society as a whole. This is so because in these processes we find the reflections and sum total of our entire system of societal contradictions. Above all, we are speaking of processes related to the workforce, and of processes related to all the people's societal reproduction—briefly: public health and public education; taken together: public welfare—which have fallen back from the level of simple reproduction to the negative, limited or reduced levels of reproduction. The most threatening phenomenon of the past decade is our collapse as a nation and as a people with respect to organic, "sound body, sound mind" reproduction, which threatens our place and our prestige in Europe, as well as our national identity and self-esteem. (Footnote 16) The only way out from the crisis phenomena of "national" reproduction would be a political program, which at the same time would be also a social program in the broadest sense of the term. The restoration and reinvigoration of parliamentary democracy would be capable to provide the only possible forum and framework for the discussion and presentation of alternatives for this program, as well as would mobilize in the interest of implementing that program. [The program I am speaking of] by far transcends the issues of economic stabilization, and even the issues of social and political stabilization. Broadly based, quick preparedness to react, catalytic and alternative-producing movements within society and within political institutions, which link the preparedness to effectively decide with popular control over the state and the political sphere, are natural features of political democracy. This is from where social-political stratification evolves, and from where the demand for shared power stems from. Examples include the already mentioned separation of the political sphere from public administration through the principle of competence (Bela Pokol), or the evolution of workplace and residential

democracy as forms of conduct becoming to citizens, the school of political discourse and conduct within local autonomies (Antal Bohm). (Footnote 17) But still, in direct relation to national reproduction I would emphasize primarily the need for a socio-political institutional system which is far more differentiated than at present, and which, under the protection of Parliament could veto and stop long-term malfunctions which stem from the distorted development of other social spheres. (Footnote 18)

Taken by itself, political reform also has alternatives. It may be examined in the contexts of transcending stagnation, alternatively of turning into a deeper, protracted crisis. But political reform itself must have an alternative character insofar as tunnel vision cannot prevail, in the form of a certain knowledge of this being the sole possible path. There is a need for reform alternatives, which are sized up in public debates and are tried out in practice. We can easily say, of course, that the country's political arena is not a proving ground, and one cannot select from among substantial political transformations each year. In reality, practical feed-back within the reform process is a necessary part of the wide-range of means available for political modernization. E.g. one could clearly "experiment" with various forms of nominating candidates for serving as National Assembly representatives, or alternative forms of nominating meetings. The essence is that the various reform alternatives progress in the direction of increasing democratic autonomies and toward the accompanying growing social control mechanisms.

Finally, we may summarily define the possible unity of party direction and of socialist pluralism as the indispensable condition for the radical reform of the political institutional system, and that this unity presumes the party's (and with it the central party organs') emergence in the role of a catalyst and of a theoretical director, the abandonment of the role played as a "multi-armed deity" under the extensive political system, and the [acceptance of the role of] of functioning as the brain of the intensive political system. "Below" the party direction's theorizing level, however, there must come about through self-initiated dynamics a complex institutional system which provides for the sharing and balancing of power, for a democratic assignment of roles and for control, replacing the present distorted and latent pluralism, the apparatus pluralism, and the emergence of large organizational interests cloaked as the general interest. As a result of this process the party's leading role will become more complicated and more indirect, at the same time, however, it will become far more effective. Within the new, intensive political system there must come about a "new type of party policy movement," a renewal like the one we witnessed during the late 1950's, i.e. once again "the party's democratic self-restraint, the institutional expression of the popular character of power," all of these assured through democratic guarantees. (Footnote 19)

On the other hand, transformation cannot be "handed down to the people." The essence of the democratic challenge is precisely that the people have direct linkage with the political institutional system and actively participate in it. Accordingly, this brief sketch of the democratic challenge may be concluded by emphasizing the significance of self-regulation and self-organization, as contrasted to the over-centralized political system. "We must return to that fundamental marxist principle according to which conditions must be formulated in a manner so that everything should be subject to self-governance and self-regulation, except matters which cannot be resolved that way." (Footnote 20)

Footnotes

1. Peter Schmidt: "The Developmental Trends of the Hungarian Political System," in Peter Schmidt ed. "Developmental Directions of Political Institutions," MSZMP CC Social Science Institute 1984 p 20. Therein Schmidt says that "Today's laws are formulated by the apparatus and the National Assembly only says 'yes' to them, but there are no real societal debates supporting the decisions." In this writing I would like to recall several theses of the consensus that has taken shape, rather than the internal, professional debates of the Hungarian political science community.
2. I have already analyzed the issues surrounding extensive and intensive political systems in my writing entitled "The Political Paradox," KOZGAZDASAGI SZEMLE, Nos 7, 8, 1987.
3. A comprehensive presentation of this subject is contained in Csaba Gombár's study "Democratic Organizing Principles," Hungarian Political Science Association Yearbook, 1986.
4. Peter Schmidt, *supra*, pp 27-28.
5. Interview with Hieronim Kublak, HETI VILAGGAZDASAG 27 Jun 87.
6. Imre Forgacs: "Certain Issues Pertaining to the Party's Directing Activities," in Schmidt, ed. *supra*, p 42.
7. Forgacs, *supra*, p 48.
8. Forgacs, *supra*, pp 53, 57.
9. Forgacs, *supra*, p 56.
10. Forgacs, *supra* p 54.
11. Recent and new Soviet political thought prominently deals with the changed class base of the communist parties. This subject was discussed in detail by Jurij Krasin, rector of the social science academy at an international scientific meeting. See also NEPSZABADSAG, 11 Dec 87.

12. Forgacs, *supra* p 49.

13. Forgacs, *supra* pp 57-58.

14. The typical viewpoint which reflects the spirit of the extensive political system is defined in "State Institutions Within the Political System," Jozsef Halasz, Janos Sari eds, Kossuth Publishers 1987 p 198. This is a sophisticated handbook which endeavors to take a broad view.

15. I have described the problematics of democratization from the viewpoint of civil society in "The Defensive Society" and in "Political Reform and Civil Society", *MAGYAR TUDOMANY*, 1987 No 1 and 10 respectively.

16. I do not wish to discuss here in detail the problematics of the "constrained national reproduction." From the respectable and responsible literature on this subject I refer only to Laszlo Levendel's "Health Protection, Sickness Prevention" in *VALOSAG* No 7, 1987. This study treats the issue in its own political context.

17. Bela Pokol: "Alternative Ways for the Reform of the Political System" in *VALOSAG* No 12, 1986, and Antal Bohm: "Interest and Local Society" in *VILAGOSSAG* No 4, 1987.

18. Istvan Schlett's study "Approaches to the Reform of the Political System" in *TARSADALMI SZEMLE* No 7, 1987 deals with the possible mechanisms of shared power and seeks the reform of the party's leading role in a similar vein.

19. Gyorgy Szoboszlai: "The Place of the State within the Socialist Political System," in Peter Schmidt, ed. *supra* p 93.

20. Interview with Imre Pozsgay by Andras Sylvester: "Conflict, Order and Freedom" *VILAGOSSAG* No 3, 1987.

12995

Decree Outlines Interior Minister's Authority Over Councils

25000174 Budapest *MAGYAR KOZLONY* in Hungarian 8 Apr 88 pp 273-276

[Text]

PART 2. LEGAL PROVISIONS

Orders Promulgated by the Council of Ministers

Order No 20 MT of 8 April 1988 by the Council of Ministers concerning the tasks and jurisdiction of the Interior Minister

Chapter 1

The interior minister's functions relative to councils, and to certain state administrative tasks

On the basis of Paragraph 73 of Law No 1 of 1971 (hereinafter "Tt") pertaining to councils, as well as in relation to the development of state administration and with respect to the central direction of state personnel administration, the interior minister performs the following functions:

General Provisions

Paragraph 1

The interior minister

(a) promotes within the councils the realization of socio-political programs, the implementation of governmental objectives at the local and regional level, and the prevalence of law pertaining to councils;

(b) participates in the central direction of the work of councils, in the enforcement of the self-governing character of councils and in particular of local councils, and represents the interests of councils in governmental work;

(c) collaborates in the formulation of a system of means that serves the regional and residential development, and in the development of related methods;

(d) strengthens the legality, democratic character and openness of council activities;

(e) motivates inter-council cooperation, broadens [the councils'] cooperation with social and non-council organizations;

(f) promotes the active participation of the population in the administration of the affairs of settlements, in the realization of council tasks, and in the control of those tasks;

(g) analyzes general experiences gained from the functioning of the central and local organs of state administration, makes recommendations to the Council of Ministers in regards to the further development of the organizational system, and of related matters as necessary;

(h) assists the Council of Ministers in its activities directing state personnel, prepares for the Council of Ministers decisions which affect personnel policies and various issues pertaining to public service, and monitors and harmonizes the implementation of those.

The Direction of Councils and the Supervision of the Legality of Their Actions

Paragraph 2

The interior minister

(a) collaborates in the direction of councils which are popular representative and autonomous bodies, as such direction is exercised by the Council of Ministers, and oversees the legality of the councils' activities; analyzes the work of councils, prepares recommendations and takes actions to further develop their activities;

(b) prepares materials for sessions of the Council College of the Council of Ministers;

(c) drafts comprehensive legal provisions concerning the jurisdiction, organization and functioning of councils and their organs, monitors and evaluates the effective implementation of legal provisions pertaining to the tasks, organization and functioning of councils; provides conceptual guidance in regards to the main trends and methods of implementing the law pertaining to councils;

(d) comments on draft legal provisions affecting councils, initiates the promulgation, modification and revocation of such laws; exercises the right to concur with decrees and orders affecting councils as such decrees and orders are promulgated by ministers and deputy ministers;

(e) participates in the implementation of state functions and the provisions of administrative services related to the election of National Assembly representatives and of council members;

(f) prepares documents requiring central decisions concerning the apportionment of councils;

(g) prepares documents within the decisional jurisdiction of the Council of Ministers (Tt Paragraph 72.)

(h) upon request, collaborates in the proceedings of the Constitutional Law Council in matters concerning the examination of the constitutionality of the decree pertaining to councils.

Paragraph 3

The interior minister

(a) suspends the promulgation and implementation of Budapest and county council decrees which are in violation of legal provisions;

(b) within the authority and jurisdiction specified in the modified Paragraph 3.2 of Government Decree No 11 of 31 March 1971 (hereinafter: "Vhr") providing for the Council of Ministers' implementation of the Tt, concurs with the promulgation of orders proposed by the Budapest and county councils, if such promulgation takes place in less than 30 days from the date that they are proposed.

Direction of the Executive Committees of the Budapest and County Councils

Paragraph 4

The interior minister

(a) monitors the functioning, and regularly and comprehensively controls the activities of the executive committees of the Budapest and county councils; with the participation of concerned ministers and the leaders of national organs (hereinafter: "minister") examines and makes recommendations in conjunction with the report to the Council of Ministers presented by the executive committees of the Budapest and county councils;

(b) coordinates the international relations of executive committees;

(c) declares null and void individual decisions made by the chairmen of the Budapest and county councils, provided that such decisions are not related to official matters.

Coordination of the Central Direction of Specialized Regulatory Activities by Councils

Paragraph 5

The interior minister collaborates in the harmonization of the ministers' work pertaining to the direction of the specialized regulatory activities of councils, in the development of programs pertaining to branches [of the economy] insofar as those affect the workings of councils, renders opinions with respect to disputes between the minister on the one hand, and the executive committees of the Budapest and county councils on the other.

Tasks Related to Council Economics

Paragraph 6

The interior minister

(a) collaborates particularly with respect to enforcement of autonomous rights and the interests of councils, in the harmonization of central long-range conceptions, medium-range plans, socio-economic programs, the annual plans and budgets, and the people's economy and council plans;

(b) cooperates with concerned ministers in formulating a system which regulates council economies, regional development, and the development of settlements;

(c) within the authority and jurisdiction specified in Paragraph 10 of Tt, monitors and assists the development of council economies in harmony with population needs and with the objectives of regional development and of the development of settlements.

Central Direction of Specialized Regulatory Activities and the Activities of the Authorities

Paragraph 7

(1) The interior minister

(a) directs the regulatory [and] specialized regulatory activities, and further, exercises his authority and jurisdiction as a minister with respect to cases that do not fall under the authority and jurisdiction of other ministers. Thus, particularly: birth, marriage and death records, determinations concerning mine indemnification and

mine easements, the issuance of documents by authorities, the preparation of inventories related to inheritances, expropriations, tasks related to the naming of public grounds, regulatory activities authorized by the Civil Code of Laws, the administration of rule violation proceedings, the handling of lost and found articles, the case load administration of councils;

(b) directs those specialized regulatory activities pertaining to the supervision of the legality of all cooperatives and local associations under the jurisdiction of council organs, which are not under the jurisdiction of other ministers;

(c) exercises the minister's authority with respect to specialized regulatory activities pertaining to council secretariats and personnel.

(2) The interior minister

(a) monitors the enforcement of the state's general rules of administrative procedure and of legal policy principles pertaining to the application of laws;

(b) assists and harmonizes the oversight activities of the executive committees of the Budapest and county councils concerning the observance of legality;

(c) performs central tasks related to the application and development of information management, computer technology and public administration of councils.

Tasks Related to Personnel Administration

Paragraph 8

(1) The interior minister

(a) organizes the training and continued education of council officials, collaborates in establishing qualification criteria for council workers;

(b) in cooperation with trade unions, monitors, analyzes and evaluates the life and work conditions of council workers, and makes recommendations for the improvement of the councils' working conditions.

(2) The interior minister

(a) prepares [documentation] concerning the personnel matters of Budapest and county council officials, insofar as such matters are under the jurisdiction of the Council of Ministers;

(b) determines the basic salary and compensation of the executive committee secretary of county councils, with the concurrence of the executive committee of a council.

(3) The interior minister directs the Academy for Public Management and the Institute for Public Administration Organization.

Chapter 2

The Interior Minister's Functions Concerning State and Public Security, the Guarding of Borders and the Fire Services

Based on Decree No 17 of 1974 having the force of law concerning the protection of state and public security, Decree No 39 MT of 1 November 1974 concerning the police, Decree No 40 MT of 1 November 1974 concerning the protection of the state's borders, and Decree No 13 of 1973 having the force of law concerning fire protection and the fire services, the interior minister performs the following functions:

Paragraph 9

The interior minister

(a) directs the police, the border guards and the National Command of the Fire Services; he performs the functions within his jurisdiction through the central and regional organs of the ministry;

(b) provides for the protection of the state's internal security, crime-fighting, the protection of public order, the assurance of orderly traffic flow, the performance of judicial administration tasks, the protection of the border, and the direction of the specialized, national tasks of fire protection;

(c) based on bilateral interstate and international agreements, cooperates with the crime-fighting organs of other countries, and ensures that the tasks flowing from [Hungary's] membership in the International Criminal Police are performed;

(d) supervises and directs the specialized [aspects of] the activities of other regulatory and law enforcement organs, as provided for by law.

Paragraph 10

The interior minister administers

(a) tasks flowing from the modified Decree No 35 of 1970 having the force of law concerning associations, as such task relating to associations were delegated under his jurisdiction;

(b) tasks related the protection of state secrets and official secrets, pursuant to Decree No 5 of 1987 having the force of law concerning state secrets and official secrets;

(c) tasks related to matters of citizenship, pursuant to Law No 5 of 1957 concerning citizenship.

Paragraph 11

The interior minister provides for the training and continued education of career, enlisted and civilian personnel, maintains and directs these low- and mid-level educational institutions, and directs the Police Academy.

Paragraph 12

The interior minister collaborates with state, social and economic organs, and with the volunteer helpers of the police, the border guards and of the fire services.

Chapter 3

Closing Provisions

Paragraph 13

(1) In the interest of ensuring openness, the interior minister promotes central press and propaganda activities concerning the councils, and assists the councils in their press and propaganda activities. The interior minister provides information through the press and through other news media to the population concerning extraordinary events, and concerning the status of state and public security. In the interest of crime prevention he performs educational and propaganda activities.

(2) The interior minister provides for all those tasks, and exercises those authorities which have been established and delegated to him through laws, decrees having the force of law, and orders or determinations promulgated by the Council of Ministers.

Paragraph 14

This Order takes effect on the day it is promulgated. Simultaneously, Government Decree No 1026 of 21 July 1970 concerning the Councils' Office of the Council of Ministers and of the Councils' Coordinating Committee, and the modifying Government Decree No 1024 of 22 June 1971, those provisions of Government Decree No 2022 of 22 June 1971 which are still in force, and Section 5 of Decree No 1060 MT [Council of Ministers] of 2 December 1987, lose their force.

[Signed] Karoly Grosz
Chairman of the Council of Ministers

12995

Pozsgay Discusses Deterioration, Glasnost, Press Law

25000170 Budapest MAGYAR IFJUSAG in Hungarian
8 Apr 88 pp 9-11

[Interview with Imre Pozsgay, first secretary of the Patriotic People's Front, by Zoltan Acs]

[Text] For decades we did not dare to face the history of our most recent past. We did not dare, because it was not advisable to do so. Despite all this, however, that history was not erased from the nation's memory: it was only placed into storage. And we were awaiting the appropriate opportunity to face the past—to apply healing medicine to aching wounds. For all the silencing had been in vain—even twenty-year-olds growing up knew that deeds of horror have taken place. They were aware because along with official history's recognized and unrecognized theses there is history passed along by families, and the two kinds of histories do not always coincide. History that is told within the family, the one that spreads by word of mouth from father to son can be

controlled to a lesser extent. Hungarian motion picture arts—the subject of voluminous reviews by many—has accepted the task of presenting these not so bright periods of our recent history in the framework of several feature and documentary films, e.g. at the 20th Hungarian Review of Feature Films. Thus, the questions raised below were nurtured in part by feelings generated at the Review.

We asked PPF general secretary Imre Pozsgay, chairman of the Review's jury, to express his opinion concerning the extent to which works of art may enhance the much-awaited national evolution and solidarity.

[Answer] Culture and the arts, and thus also motion picture arts, enhance the evolution and facilitate the situation of the political sphere, by all means. The way I see it, it has become particularly apparent by now that an overemphasis on continuity is an unusually large obstacle in the path of today's political development. There is no national history, of course—if that is indeed national history—which does not contain elements of continuity. I do not deny the significance of continuity, but I believe that insofar as the organization, structure and outlook of this policy is concerned, it was excessively tied to the 1950's. This is so, inasmuch as this policy emphasized the achievements of socialist construction and did not remove itself in a sufficiently firm manner from those criminal and despicable actions which took place in this country during the 1950's.

[Question] Your words suggest a belief that there was no pause [in this regard] in 1956.

[Answer] That is correct. It is a fact that the new policies of 1956 morally separated themselves from the wrongdoings of the 1950's. In terms of methods, these policies humanized the conditions of socialist construction, nevertheless within the institutional foundations there continue to survive those structural elements which evoked the crimes of the 1950's. The past 30 years represent a continuous struggle with these elements—with the structural parts which serve as drawbacks and as forces to reorganize [along the lines of the old order]. It is for this reason that I believe that a significant part of the feature and documentary movies seen at the Review represents evolution also from this standpoint and serves the purposes of consensus. And this is why I am glad that these artistic creations came about.

[Question] Developing your thoughts further, I feel that the above-mentioned movies helped heal our ailing national identity consciousness. Any sober person will realize that in these days we are experiencing not only the difficult years of our economy, but that our social and moral crisis is at least as deep. There is a crisis in the people's minds, hearts and souls.

[Answer] I fully agree with you in this respect. Our deterioration was not caused primarily by economic factors. The economic phenomena and crisis indications

are only the consequences of a conduct that has become virtually oblivious. In the history of a society which started out on a communal basis I consider the terribly large-scale isolation that took place in human relations as most dangerous. The extent of solidarity diminished. This is engendered by lack of faith. People do not trust the officially offered institutions, thus they choose isolation and private programs. As a result of a lack of confidence everyone devises his own household strategy and tries to build his life around that strategy, since he cannot find assurances for his future or for his present existence in other communities or in other institutional forms. For this reason also I believe that the crisis which we have gotten into is primarily of a moral nature. This paralyzes action, and it is this factor that destroys [efforts to] rationalize the economy. Economic mechanisms will not lift up the nation from this moral crisis. Instead it is programs of national and historic significance that will provide the uplift.

[Question] My next question relates to this idea. In one of your speeches you quoted Laszlo Nemeth and Gyula Illyes. According to them real Hungarian foreign policy may [emerge in the form of] domestic policy. In order for us to emerge on the stage of foreign policy as a healthy nation, we must first establish order within and around ourselves.

[Answer] I have reservations, and am filled with suspicions about the foreign policy role of small nations. I am not overjoyed when a small country becomes the center of international attention, because when that happens there exists either a minority issue, or Lebanon and Kosovo, or the Palestinian issue. In other words, small nations are truly capable of drawing international attention under destabilized conditions, by virtue of civil war. I would like to see a Hungarian history which does not place us in the center of international attention by virtue of such events. Instead, we should establish a country on this Earth through the settlement of our domestic conditions—a country which by virtue of its stability and lack of sensations is capable of commanding respect. A country which is not blown up in the air, but one that is respected and viewed with good intentions. From this standpoint our most important domestic policy mission is to see that Hungary becomes worthy in the eyes of Hungarians who reside abroad. In other words, we should establish conditions under which it is worthwhile to be a Hungarian even beyond our borders. Even in speaking in general terms, I believe that domestic policies determine the foreign policy of a country, a nation, a great power, and this applies even more so to small countries. Only a country which has settled conditions and provides self-respect to its citizens can expect to deserve a decent reaction from other countries.

[Question] A just demand for a country governed by the people, instead of a government which acts in the interest of the people emerges with increased frequency. Every sober person recognizes the truth of this matter. But this truth is not always supported by history.

Namely, a socialist society which professes itself to be a society of all the people has produced examples during its forty year history which shows that democracy apporportioned from the top down was tailored too tight.

[Answer] Unquestionably, there was too much paternalism. The oversized state resulted in a society in which its members, without exception were categorized within the hierarchy. It thus happened that people defined themselves primarily in terms of their duty stations rather than in their capacity as citizens. This degree of citizen autonomy was insufficient to, and inappropriate for taking brave advantage of opportunities provided by self-governance and democracy. If there is a place where we must make progress and accomplish change it is in this important area. It would be an illusion to believe that we are dealing with a homogeneous people devoid of structure. I believe that whenever we consider self-governance, we must do so in the context of a structured society. This requires institutions in which people can accomplish self-governance, in the framework of which they can clearly present alternatives. The related conflicts would be managed in the open, rather than being swept under the rug, thus creating a hump in the floor or in the carpet. Institutions are needed for governments in order to acquire the people's consent. This cannot be accomplished by simply lecturing to people and by formulating a vague, lofty portrait of the people, while one does not know who does what in the division of labor, and what one can do within the country. Before anything else, I believe that the citizens must be made the subjects of action. This should not take place in a paternalistic manner, but instead as a result of assured opportunities for self-organization and structuring. In this respect I view the strengthening of local autonomies as most important. Such strengthening can lead to a social and political order in which the above-mentioned alternatives gain definition in the open, and in which the opportunities are decided in public, by way of elections. In order to accomplish this we need or would need a public referendum, a new constitution and many other things.

[Question] If for no other reason, we need these forums in order to acquire a political culture. Already generations have grown up without learning about tolerance, or knowing what other qualities there are. They have not acquired the skills to debate in a civilized manner and how to contrast various views. Having been excluded from the political sphere, several generations are indifferent in regards to politics. And this takes place at a time when these generations also should be fighting in the political trenches. They should be there, not in words, but by virtue of opportunities to act. Generations have piled up—those in their fifties, forties and thirties, but even those in their twenties have reached the threshold. This could become a tremendous source of energy. In what way could this energy be put to use to the benefit of the people?

[Answer] Only openness can help in this respect. I am not using a magic word when I say that indeed only

openness could help. Under conditions of openness political force clashes with political force, and this confrontation creates politicians. In today's political struggles we frequently find only appointed politicians participating, politicians whose capabilities become known to the people only after their appointment. In a normally functioning political system it is in the course of the political struggle that one finds out for what positions these individuals are suitable for. This is an odd paradox in this situation, one we must urgently change unless we wish to submerge into apathy, unless we want to wait until we experience rejection by society. The national compact establishes an opportunity for social involvement, not for social confrontation. Viewed from this vantage point I would say that political culture, a concept you too have mentioned, cannot come about in the absence of related public institutions. It is in this context that I envision the sense in having dialog also. Because any renewal initiated from the top down, regardless of whether it is called reform, turnaround or anything else, will be viewed only as some kind of a paternalistic, patronizing role as long as the individual is unable to feel that he too had something to do with it. I believe that in this case tensions stemming from the piling up of generations will mean political struggle rather than political fight in the context of a new policy, in which a position is acquired by the one who is capable of conveying more validity in the course of the struggle. Not something that is more extreme, but something that is more valid.

[Question] The preservation of traditional values is important to youth. I believe that by virtue of administrative measures we discontinued some values before new values could have acquired an identical value. This then noticeably hastened spiritual and moral erosion in the course of construction.

[Answer] This process took place in a dramatic fashion. But this process also contains something that is natural, insofar as every society which transforms at a rapid, dynamic pace experiences the loss and liquidation of earlier values before new integrating values could become part of, and acceptable to people. In this sense then even the moral problems have a natural, historical cause. I do not believe, however, that this situation applies in Hungary. I believe that in Hungary people were offered new values in the framework of the unnatural fiber of those people. The new values appeared as external, alien values forced upon the people. Thus these new values could not become part of the innermost essence of people, values they could identify with. In my judgment, this is the cause of the present condition. History evolves in the dialectic context of losing and gaining values, but the reason for the magnitude of the abyss that evolved between the values denied and the new values in Hungary can be certainly found also in the fact that the newly offered values did not truly evoke a sense of inner identification. We must ponder this issue, we must once again rearrange human relations, and from those relations we must once again recover some waning values, and must acquire new values as a result of human struggle.

[Question] As a former minister of culture, how do you view the discouraging signs of culture, the large-scale devaluation of true cultural values?

[Answer] I believe that a material loss of this magnitude suffered by culture represents a very great damage. In this respect also I see the moral problems as the larger ones. Reverting to what we have said about values, this means that there are some who excessively try to view culture as a means for crisis management, and regard it as entertainment meant to dispel our concerns and to make us forget our sorrows. This attitude, of course diminishes the effectiveness of the public becoming acquainted with culture. In my conception stabilization and evolution are naturally accompanied by belt-tightening and by the liquidation of enterprises that operate at a loss, but this cannot be interpreted so as to limit everything. To the contrary. Any kind of stabilization program acquires meaning only if the trends and endeavors that enhance evolution receive a green light which is supported by the budget. From this standpoint one could say that if there is one thing that could be useful to this country, that one thing is public education, the training of the intelligentsia, and the development of the sciences and of culture in general. Today it appears that all the reductions affect the real values, while worthless matters are capable of maintaining positions of prevalence.

[Question] Is this so because culture has been fully subjected to the consumer market?

[Answer] Worthless matters prevail as a result of the fact that they cater to the worst qualities of people, to the retardation of the acquisition of culture by the public—this appears as the safe market. Unfortunately, true cultural values have rather uncertain market values.

[Question] We have discussed already the constructive role of openness. But there are still some who equate openness with anarchy. What could be accomplished in this respect?

[Answer] From the outset, I consider it a requirement flowing from elementary decency that everyone, including the forums entrusted with the direction of the press, abide by the press law. The existing press law is not perfect, but it is the law. And one cannot expect decent conduct on part of the citizenry if legislators or the supervisory state authority do not abide by the law. In other words, one must abide by the very simple characteristic element which applies to all European nations of law, that laws must be observed, even if those laws place the state administration at a disadvantage. There should be organizations and institutions which convey various intentions and impulses to the press. But such conveyance should take place only within the framework of, and on the basis of the law. It also means that when it comes to direction exerted by the party, the entire fundamental ideal of the party must be applied. The other matter that pertains to openness—and you have stated this in your question—we must rid ourselves of the spastic fear

which envisions a constant threat in the broadening and prevalence of openness. Those who feel this way do not think for a moment about personal gain, or think so because they can reach decisions based on good information which can be implemented without using authoritarian measures. Openness not only protects power, it also sanctions power.

In places where forms of the freedom of the press are more developed we find that the people's ability to identify with the system is greater than in places where that freedom has evolved to a lesser extent. This is the elementary logic of these matters. And finally, we must part with the bureaucratic outlook based on the idea that bureaucrats are entrusted to handle the entire world. The idea of "grabbing a lot" is familiar: the one who grabs a lot holds little. This is why [the bureaucracy] is incapable of applying means that are within human dimensions, and it is for this reason that [the bureaucracy] tries to influence the press and openness by expressing occasional dissatisfaction. It is in this way that bureaucracy itself creates anarchy, because bureaucracy evokes incalculable conditions as well as promises and ambitions which cannot be fulfilled.

[Question] For a very long time you have been stressing the importance of accountability. One of our leading politicians said that no one is culpable in places where no one is accountable. Only scapegoats exist. Who decides whether someone is a scapegoat or whether he actually deserves blame? Is it the given prevailing power constellation that makes those decisions? How do you view this issue?

[Answer] The question of accountability is one of the fundamental problems of today's system and of its functional disorders. One factor that prompts this situation is the blurred dividing line between party responsibility and state responsibility, which, in turn also results in a lack of personal responsibility, leaving the leadership in a state of absolutist judgment, in a condition of grace or of having lost grace—as long as power remains firm and unshakable. Public opinion fulfills this role as soon as the power structure shakes: it either favors or disfavors certain individuals, and the only alternatives left are scapegoats or victims sacrificed in order to satisfy mass needs. Although there is a great likelihood that whoever was rendered as a victim is also responsible for something, this "something" cannot be directly attributed to the victim. Under conditions of open politics the chances [of accomplishing something] through personal political offices are also greater. Because the one who departs from a position is not necessarily a failed man. He is defeated at most. In our system, however, whoever is defeated becomes a failure at the same time. By now both the system and public opinion have difficulty in tolerating this.

[Question] In one of your recent statements you discussed the "aesthetics of cynicism." It has been a part of us for long, and even today we find that it is alive among us. How long can cynicism be part of our outlook?

[Answer] I see the essence of the "aesthetics of cynicism" in the fact that it confuses the concept of people with the idea of masses. A mass requirement and need is viewed as a requirement and need by the people, and the one who recommends Bartok or Attila Jozsef to replace one or another piece of junk will be easily typecast as one who does not know the requirements and the needs of the people. This takes place, even though the person in question is thoroughly and accurately familiar with the needs of the people, but does not wish to surrender to requirements established by the masses. In the final analysis and in its consequences, those who profess these cynical aesthetics render the people as unsophisticated. Because the one who views the people merely as the masses, sooner or later will disregard the same people. And then it becomes no wonder that problems causing pains to the nation are being managed in taverns and sports arenas. Already at those places one finds that a hysterical mentality prevails. But one should not be amazed about this hysteria, considering the kind of prevailing aesthetics.

[Question] On behalf of our readers and myself, thank you for the conversation.

12995

Role of New 'Office of the Council of Ministers' Discussed

*25000176 Budapest MAGYAR HIRLAP in Hungarian
9 Apr 88 p 3*

[Interview by Ferenc L. Gazso with Dr Miklos Raft, head of the Office of the Council of Ministers: "A Glance at the Workshop of Governance: At the Start of State Administrative Reform]

[Text] Last December, during the National Assembly's winter session Prime Minister Karoly Grosz stated that the government intends to adjust its work style as well as its organizational and functional conditions so as to be responsive to the demands of our times.

Although a less spectacular but important station in this process is the fact that the cabinet has established the Office of the Council of Ministers. Established on 1 April, this office is the legal heir to the Secretariat of the Council of Ministers. The new Office is headed by Dr Miklos Raft with whom our correspondent visited at his office in the Parliament building.

[Question] An outsider would not think much of the fact that henceforth it will be an office, rather than a secretariat which assists in the cabinet's work.

[Answer] It is not only the name that changed, but also the functional scope, the tasks that must be accomplished. The Office of the Council of Ministers is the work organization of the cabinet and its committees, as well as of its deputies. The characteristic which does not

change is also essential: the Office remains a staff organization—any ideas concerning the establishment of some kind of a super-ministry are out of question. The Office does not fall in between the ministries and the cabinet. This, however, does not mean that the Office is a passive observer, a mere technical expeditor of the cabinet's decision-making process. The Office has been assigned new tasks, in addition to the traditional functions of the secretariat. From among these tasks the functions of maintaining liaison with the National Assembly, rendering assistance to advisory bodies, and—since the abolition of the Office of Information—the direction of the press stand out. This much about the cabinet's new work organization. It is apparent, however, that in the context of the organizational renewal of government administration it is not the cabinet's Office that deserves primary attention.

Not To Be Underestimated

[Question] I recognize the fact that this is not the primary issue, but one is inclined not to expect more from announcements than an obscure change in name. Even more so because on occasion one hears opinions that convey lack of confidence. For instance: we have lived through so many reorganizations already—the present [change] could be only a replacement measure. And above all: will the organizational change improve Hungary's conditions?

[Answer] One thing is certain: the road to the goals leads not primarily through continuous changes in organization. That road is marked far more by the qualitative improvement of government administration. It is marked by well-founded, determined decisions, by the institutional representation of interest relations, by the development of forms of democracy in public life, and by providing more content to public life. And last but not least, that road is marked by the clear delineation of lines of responsibility, and by the improved effectiveness of control. Compared to these, organizational conditions take a secondary place. Nevertheless, this secondary role should not be underestimated, because it is the organization of the state that provides a solid frame in which one can function successfully.

[Question] In any government anywhere in the world, the role of the prime minister in power is at least as significant as is the role of the inherited governmental structure. For this reason a new cabinet head is unavoidably accompanied by certain organizational changes.

[Answer] This is true. In this instance, however, we are talking about much more than that. All that has transpired over the past few months with respect to the modernization of government administration must be viewed as part of the political institutional system

reform. The need to modernize government administration exists not only because without it economic evolution is impossible. It is necessary also because our government organization still contains many elements of the model which took shape during the period of extensive development.

[Question] Please summarize what one can expect from the reorganization of government administration.

[Answer] First of all one may expect that the Council of Ministers' comprehensive governmental character will be enhanced. In the economic sphere the reorganization must serve [the interests of] the modernization of economic planning and regulation, market development, and the spreading of enterprise and competition. There is a need for a functional structure which helps minimize direction provided by ministries and state regulations based on the hierarchy, and to permit instead a greater role for the evolution and influencing of socio-economic processes.

Limiting Overweight

[Question] In your judgment will the role played by the state in our lives be reduced?

[Answer] As a citizen I do hope that this will happen. The time for patronizing state administration which takes upon itself every task but is capably of delivering little has expired. It is yet another matter, however, that the state's role in society will be not reduced further. The conception of this role will be different. It may be expected that representative bodies will acquire a greater role, that social organizations and citizens will have a greater opportunity to be involved in common issues.

[Question] Not too long ago the cabinet discontinued three committees concerned with the economy. Among these we find the State Planning Committee which wielded great power. What was the reason for this decision?

[Answer] It was a recognition that their parallel functioning lead to a slow-down in cabinet actions, and to contradictions in outlook.

[Question] In contrast, however, the cabinet established the Committee on Planned Economy, headed by a deputy prime minister who received independent authority.

[Answer] Once again I can only say that an essential change in content took place, because the Committee on Planned Economy was assigned more tasks than what the earlier three committees had. [The new Committee] is novel in its composition and functioning also. With the establishment of the new Committee the merging of the National Planning Office and of the economic summit committee has come to an end. Another essential

innovation is that the membership of the new Committee consists of all the ministers, and thus it may be perceived also as the economic cabinet of the government.

Accountability?

[Question] It appears that a significant power center has come into being....

[Answer] That is out of question! This governmental committee does not infringe upon the jurisdiction of the Council of Ministers. It does not render decisions in place of the Council of Ministers, but instead has the role of preparing for decision-making. Its subordination to the Council of Ministers is guaranteed by a rule according to which the Committee's decisions take effect only if affirmed by the cabinet.

[Question] Can we hope for more clear lines of accountability as a result of the fact that the deputy prime minister's supervisory responsibility over the directors of national organizations lead by ministers and deputy ministers has come to an end?

[Answer] The cabinet reached this decision because the earlier system of oversight was inconsistent with the new requirement for the independence and accountability of [individual] ministers. This is so because if a minister must seek the supervising deputy prime minister's approval to every significant decision, then that minister cannot be viewed either as truly independent, or as truly accountable. Incidentally, this practice ran counter to the law which provides for the accountability of ministers. By law, a minister can be held accountable only by the National Assembly which elected him, and by the cabinet. The radical reduction of the number of deputy prime ministers was accompanied by a new ranking of the various roles. At present, one of the deputies is the director of the Committee on Planned Economy, while the other—the minister of commerce in the capacity of deputy prime minister—represents Hungary in CEMA. The functions of both can be accurately delineated.

[Question] At present the cabinet does not have an at-large minister. Will there be one?

[Answer] It is too early to tell whether there will be an at-large minister with a political function. In any event, one cannot rule out the possibility that the anticipated strengthened role of the cabinet will usher in the revival of the at-large ministerial function. This relates to what we are witnessing in a certain sense in regards to the expansion of the office of cabinet commissioners. Last year a commissioner took charge of coordinating the affairs of the National Theater. Since last January a commissioner with ministerial rank has been dealing with the structural transformation of coal mining and with other matters, primarily in the field of energetics.

Without Improvisations

[Question] The expansion of the institution of commissioners signals a need for a more flexible work style. Is it in this same spirit that the brand new advisory bodies of the cabinet work?

[Answer] Absolutely. There has been a great need for the functioning of an independent expert, advisory network alongside the official apparatus which serves the cabinet. Also in this way one can improve the scientific foundation of decisions, the exploration of interest relationships as well as the decision-making mechanism itself. It is essential that in formulating their views, members of the advisory bodies are not bound by state organs, they respond to their own scientific convictions. These bodies are now in the process of developing their work methodology. From among those which already function I must mention the body of economic advisers and the Councils' College. But the Public Management College which has been functioning since 1985 has a similar important function. In addition to all these, the work of government is aided by experts who also represent their own convictions rather than the views of some institution.

We are just beginning to modernize government administration. This work is not without antecedents. We are trying to exclude improvisations. One may, or even must debate insofar as new frameworks are concerned, and it is possible that one or another promising solution which does not prove to be workable in practice will be rejected, fine tuned or perfected in the process.

12995

Attempt To Found Independent Youth Organization Condemned

25000175 Budapest MAGYAR HIRLAP in Hungarian
9 Apr 88 p 4

[Unsigned editorial, incorporating MTI report on "Police Warning" issued to leaders of FIDESZ (Association of Democratic Youth)]

[Text] On 30 March 1988, a group of university students and young intellectuals initiated the establishment of an illegal organization. Therefore, on 8 April 1988, the competent police authorities warned Miklos Andrassy of Dunaujvaros, Viktor Orban of Szolnok, and Ivan Csaba, Laszlo Kover and Andras Racz, residents of Budapest. The aforementioned have been ordered to stop their activities.

The representatives of state security are intervening when they see sufficient motives for warning against noncompliance with the laws, already prior to a violation of law. Thus, the warning of a police authority is a lawful instrument of legality and tolerance.

This time the aforementioned have met in a Budapest cafe. They had not only friendly talk in mind, since written invitations have been issued for this meeting. Our editorial staff was not invited. Yet, as it was pointed out at the cafe table, the BBC and Radio Free Europe were to report on the talks the same evening, and even in such a presentation that the participants chose as most convenient. Only facts have been broadcast by the radio, without any commentary, as it had been requested and announced earlier in Budapest.

Insofar as the facts are concerned, the following happened: the participants, who called themselves the Association of Democratic Youth, announced that they established a nationwide organization with a rather enigmatic program and frequent references to the Constitution.

A rally of democrats is, of course, welcome regardless of their age. In Hungary various sorts of democratic groups are working, and other such groups are emerging, since we are living in a time in which there are many reasons for democrats to rally. There is no doubt that we are passing through an epoch-making period of our national history, which might change our destiny. In the first place, one of the vital questions is what kind of conditions can we create to lay down a proper foundation for our economic development; how can we prevent our falling behind amidst the changing value systems of world economy, and how can we maintain and improve our standing in the worldwide competition of nations. We must, of course, use also our national resource system for improving the conditions for this effort. Yet, the spontaneous cooperation of society, the additional impetus of small communities and the utilization of social efforts which derive from the accumulation of individual activities, are also indispensable conditions for success. There are not only the people meeting around the tables of the cafe mentioned in the invitation who have realized this. The platform draft of the HSWP National Congress also points out that "there is room in our society for all local, regional and national organizations and associations which function within the framework of socialist legality." And the organizational framework of youth politics has been established by the Youth Law of 1971.

Then this is the reason why the police intervened in this event. For the young democrats have, with a peculiar reasoning, split the notions of "demos" and "cracia," the former meaning the people and the latter the lawful framework, appointing themselves representatives of the people and deciding that legal rules are negligible. It is well-known that our Constitution sets forth the right of association, and it is also well-known that the legal regulations of this right are now under debate. This debate is not restricted either to those talks in the cafe, since—referring us again to the above-mentioned platform of the HSWP—the creation of a new law concerning associations is on the party agenda. However, until the new law becomes valid, all our citizens have to abide by the laws currently in force. On 29 December 1981, a

decree law has been promulgated, the 2nd paragraph of which sets forth that: "The creation of an association can be initiated by state, social and cooperative organizations, as well as by individual citizens. The inception of organizational work for the establishment of an association must be notified in advance to the supervising authority; the supervising authority may set conditions for the organization." Paragraph 7 adds that: "it is the task of the supervising authority to register the association and to exercise control over the legality of its functions and to see to it that it observes the bylaws."

The foundation of nationwide organizations has naturally not only legal conditions but also unwritten rules, respect for which is rightfully expected by society. The first such rule is: responsibility, respect for public interest and the mature interpretation of the problems of our national destiny. Yet, what should we do with a statement in their written program that they disagree with the policy of the HSWP and its youth organization, which entails that the problems facing our society have only long-term solutions? For them—they stated this—this is not an attractive perspective. The careful observer can only muse: can it be declared, with full responsibility toward our nation, that the structural reorganization of our national economy can be achieved at once, that inflation can be curbed instantly and that the requisites of the scientific-technological revolution can be met overnight? Can we consider as serious their starting point which advocates an "attractive perspective" instead of a responsible perspective?

They also announced that they want to build a new Hungary, we do not know of course what kind of Hungary and by whose commission. And, in order to clear their program from any ambiguity, they considered it necessary to add that those who want to join them cannot be members of the KISZ [Communist Youth Federation].

This is why the authorities intervened with patience, reminding them of their responsibility toward legality. And their warning also marks the perimeters of patience which are obligatory for all our citizens for the defense of our legal order and democracy.

12312/7310

POLAND

POLITYKA Weekly News Roundup
26000274b Warsaw *POLITYKA* in Polish
No 15, 9 Apr 88 p 2

[Excerpts]

National News

Government spokesman, Minister Jerzy Urban on censorship: "Censorship is not a model solution nor an ideal. I have also encountered surprise and criticism on

the part of my colleagues in the socialist countries that there is censorship in Poland while other socialist countries do not have this institution. In these conversations they have even referred to Marx who spoke negatively of censorship. I, however, think that it is better for the censor to sit in his office than for him to move to the editor's head. . . . Even if the interventions of the censor were extremely infrequent, such a fuse protecting the basic interests of the state and state secrets seems beneficial. In any case the censor protects not only the interests of the state, it also protects some of the citizens' interests and the interests of various other institutions, for example, the church."

The commission of Experts on National Education wants to reduce the load on pupils. It is proposing that beginning 1 September 1988 the number of classroom hours for elementary school pupils be reduced to 30 hours weekly and in secondary schools to 31 hours. The proposal is still to be consulted with the teachers.

During a press conference at the Chief Technical Organization, implementation of innovations was discussed. The opportunity was used to mention favorably the famous "Kowalski's turbine"; in a properly functioning car it permits the conservation of one liter of fuel per 100 km. The results of work by Prof Stanislaw Tolpa on a peat preparation are also promising; there is talk of beginning production if not as a medicine as a prophylactic.

The Public Opinion Research Center has corrected information we published under "National News" to the effect that after the ending of jamming of western broadcasting programs there had been a decline in listeners. "This is false information. Our research shows that after the end of jamming of western broadcasting services the number of listeners has not changed with one exception: Radio Free Europe. In December 1987 (when it was still jammed) 14 percent of the respondents listened and in February 1988 (when it was no longer jammed), 16 percent. Thus we noted an increase, a small one to be sure for it falls within the limits of statistical error and only in the case of one of the six broadcasting services, but nevertheless an increase in listeners and not a 'decline in interest'."

Alfred Miodowicz in summarizing the meeting of the OPZZ Council: "... We can say with complete certainty that if wages lose their motivational function and will only be recompensation for rising costs of living we are not counting on any results in the economy." The chairman of the OPZZ also said that proposals to provide the government with special plenipotentiary powers can in no way limit the accepted method of consultation with the trade unions.

"When I return to Japan," said Prof M. Okamoto after visiting Poland for a Polish-Japanese scientific conference, "I would like to tell the government of my country about the many interesting achievements of Polish scientists; among them there are some worthy of a Noble Prize."

Horses have been put to work at the construction site of the Olkuski construction firm. Why? One-third of the equipment has been idled due to a lack of fuel.

Kazimierz Dejmek has been chosen the new president of the Union of Polish Actors. The congress of the Union attempting to remove obstacles to agreement adopted a resolution that obligates the newly elected Executive Board to "make it possible for the officers directing the Union of Polish Actors from April 1981 to November 1982 to present a public report of their actions in mutually agreed form."

On the Left

After their meeting in Sofia, the foreign ministers of the Warsaw Pact have proposed a reduction of conventional weapons this year to the NATO countries and to the participants in the Conference on Security and Cooperation in Europe.

After talks between Gorbachev and Natta, the communist parties of the USSR and Italy have decided to form a mixed research group on East-West problems open to other European political groups.

W. Bogomoshov, a Soviet diplomat in Italy, gave a positive evaluation of the Apostolic Letter "Euntes in mundum" ("Go into the World") published on the 1,000th anniversary of the Baptism of Kievan Rus. "The issue of inviting the Pope to visit the Soviet Union does not concern the state; it is an autonomous church decision, and the state will not intervene in any way."

The official work week in Hungary has been reduced to 40-42 hours, but Hungarians are working more than 10 years ago: increasing numbers of people, especially men, are supplementing their income sources in the legalized, so-called second economy. More than 250,000 individuals work 2 to 4 hours beyond their basic job in plant economic groups or workers' cooperatives formed in plant enterprises. Nearly 1.6 million Hungarian families work in small-scale agricultural production, devoting 24 percent more time to this purpose than 10 years ago.

In the CSSR there is an Cultural Association for Citizens' of Czechoslovakia of German Nationality. It has 8,000 members. Citizens of the CSSR of German nationality (estimated at 60,000) have available the weekly PRAGER VOLKSZEITUNG and an illustrated magazine for children FREUNDSCHAFT. Local radio stations broadcast daily 25-minute programs in German, and on Saturday the Hvezda station broadcasts a 1-hour program for the entire republic.

Authorities of the capital city of the USSR are considering a project to mark a public place in Moscow at which each individual could express his views without prior permission or creating something similar to London's Hyde Park.

The CSSR Federal Price Office announced a significant reduction in prices for synthetic fabric products, 16 to 34 percent. In particular, prices for women's underclothing, suits, dress, and pullovers declined. Simultaneously, prices for heat resistant glass, refills for ball-point pens, razor blades, shampoos were reduced. The Czechoslovakian press has focused attention on shortages of cotton products and toilet paper.

Under the identical title "An Unsuccessful Attempt to Abuse Religious Feelings," the Czechoslovakian press has presented information on religious demonstrations in Bratislava. The Government press spokesman said that 2,000 people participated in it, but "actively only 50, the others were onlookers or functionaries of the forces of order."

A conference on the subject of alternative military service was held at the initiative of the National Council for Peace in Budapest. It was emphasized that it is possible to resolve this question in a way acceptable to all of the interested parties, in accord with the interests of the Hungarian society and the alliance obligations of the Hungarian People's Republic. 13021

'Orthodox' Marxist on Private Sector, Entrepreneurship, Pluralism

26000304 Poznan WPROST in Polish
No 14, 3 Apr 88 pp 4-6

[Interview with Jaroslaw Ladosz, director, Institute of Philosophy, PZPR Academy of Social Sciences, by Piotr Andrzejewski and Jerzy Golata: "I'm Not Afraid of Being Orthodox"]

[Text]

[Question] Professor, it is being said of you that you are the last "real Marxist" in Poland, a hardline and intransigent orthodox Marxist.

[Answer] The last real Marxist? This may be an exaggeration. But I have nothing against being called an orthodox Marxist. Nowadays this adjective has acquired a somewhat pejorative connotation, but there also exist other historical precedents. Lenin called himself an orthodox Marxist; the Marxists who had fought revisionism at the turn of the century also defined themselves as orthodox Marxists.

[Question] Well then, how does an orthodox Marxist view what is happening at present in this country? After all, our reality diverges considerably from the common concept of socialism, verbally too. The dominant buzzwords at present are: competence, entrepreneurial spirit, and initiative—that is, terms which we traditionally associate with capitalism. Are not you appalled?

[Answer] Gentlemen, you are identifying orthodoxy with the "Pop-Marxism" of the 1950s. Viewed from that standpoint, horrible things are indeed happening. But

that's not how I interpret orthodoxy. I would prefer "a return to the sources." Gentlemen, you ask whether competition is not appalling? But I could cite to you Lenin's comment that socialism consists in spreading competition rather than in eliminating it. It is precisely capitalism that, in proclaiming the idea of competition, is contradicting itself, because its conditions preclude from competition an overwhelming majority of the working class and even of the petit bourgeoisie. Marx showed that competition is essentially illusory, because big capital always dislodges medium and small capital; it is bound in advance to win the competition, and that not at all because its owners are more enterprising.

[Question] But did Marx and Lenin foresee that, after some years of existence of real socialism, Western capital would be utilized and ideas which had seemed already buried would be adopted?

[Answer] As regards Lenin, let me remind you that he explained to workers that, during the transition period, that being the kind of period our country exists in, it is sometimes worthwhile to pay for lessons from capitalists from the economically most advanced countries. Foreign capital will exploit us, but thanks to it we will gain new technologies. Of course, were we to sell one-half of our industry to foreign capital, then quantity would turn into quality, according to "orthodox" Marxism. If, on one hand, joint ventures with foreign capital are arranged astutely, they can prove useful because of the technology gap, although at a price. On the other, the illusion that capitalists will suddenly begin to establish with us joint ventures on a mass scale seems naive to me. Lenin, too, was not very successful in attracting Western capital.

[Question] Lenin viewed reliance on capitalist mechanisms as "a step backward in order to later make two steps forward." But what about the situation in Poland? Are the open market and foreign capital, in your opinion, a deviation from socialism which shall some day be overcome, or are they testimony to a change in the nature of socialism?

[Answer] I would prefer the former view. I understand that in this country at times every new policy measure is presented as developing and building some model of socialism, if that is the word. I believe that it is a mistake to consider everything in our society socialist by definition. I feel amused by phrases like "socialist Polonia enterprise" [Polonia—Western citizens of Polish origin] or "socialist private farmer." They certainly conflict with both theory and reality. The fact that in a particular situation the field of action of the so-called nonsocialized [private] sector has to be tolerated or even widened is hardly proof of the development of socialism. But it may be, as you mentioned, a step backward in order to advance further.

[Question] Given this interpretation, it is hardly surprising that somehow there is no large influx of foreign

capital to this country, although that influx is so important to us. Let us consider this from the viewpoint of the horrid capitalists—foreign and native ones. Since the step backward is to be followed by tightening the screw, why invest at all?

[Answer] In arguing thus one may conclude that socialism should not be propagated at all, so that we may not frighten our capitalist partners. This is absurd. As for our petty capitalists, I think we can tell them that we do not intend to expropriate them roughly; rather, we intend to win through competition. After all, long ago Engels in his "Tenets of Communism" wrote that, once they reach power, communists will not at once liquidate private ownership. That will happen gradually.

[Answer] Yes, but in observing the vagaries of our policy toward private ownership one may conclude that administrative fiat predominates over the economic approach.

[Answer] The vagaries did and will occur again. They are inevitable during the transition period.

[Question] Why?

[Answer] Because petty ownership inevitably develops in the direction of a concentration of the strong on the one hand and decline of the weak on the other, of growing exploitation of those who work for the strong and create their wealth. A socialist economic policy consists in tolerating and utilizing the activism of petty private owners, selectively, with the state monitoring their economic honesty and counteracting their rise to political power.

[Question] All this sounds so lofty, but in practice this merely justifies instability of policies toward the private sector.

[Answer] On the contrary, the principle is stable. As for those who construe stability as a guaranteed permanence of certain particular regulations, they are naive. The guarantees are needed for a particular period in history, and they must be adequate in order to encourage production and investment by small private owners. Socialism does not mean a permanent, harmonious, and amicable coexistence of the three sectors [state, private, cooperative].

[Question] But if the elimination of one of these sectors is to occur through administrative fiat—for example, by means of a draconian tax policy....

[Answer] You think that under capitalism there are no draconian taxes? Consider Sweden, for example, where taxes reach 90 percent but at the same time the 200 families which in practice rule that country live high on the hog. Here in this country the concept of the [open] market is construed as free competition, but there is really no such thing throughout the world. If any political-economic measure is viewed as "administrative

fiat," consider that there are plenty of such fiats under capitalism. In this country, too, we must have them, although of course the representatives of the propertied class will complain about taxes and bruit it about that they are being oppressed. Tax policy is always of a class nature.

[Question] Still, professor, our dream is that the Polish capitalists will be driven into bankruptcy being less efficient than the socialized sector and not because of a "class-oriented" tax policy. Yet, when, e.g., the fruit and vegetable or flower market is considered, it is somehow hard to believe in the superiority of the socialized sector, at least in that domain....

[Answer] Gentlemen, why don't you visit the state-farm store on Marszalkowska Street [in Warsaw]. Its shelves offer a much broader variety of goods than those offered by private entrepreneurs.

[Question] One store for a city of one and one-half million is rather little. The vegetables offered for sale in housing-project supermarkets usually look as if they had been in storage for a year.

[Answer] You are needling me with that vegetable market. In general, the dominant myth in this country is that labor productivity in the private sector is higher. I personally just cannot see it—the goods are neither more solid nor are they produced more efficiently. Various efficiency experts estimate that labor productivity in our state sector is 40 percent lower than in the private sector. But the question is—compared with whom? If compared with Ford or General Motors, fine. But what is forgotten is that labor productivity is a historical concept and that ideological-economic measures alone shall not overcome that difference.

[Question] But still is it not true that the "classical" vision of socialism that had been proclaimed in the 1950s, 1960s, and 1970s, and which presumed harmonious economic growth, egalitarianism, free medical care, free education, etc., is becoming no longer topical nowadays? The idea of charging tuition for schooling is being increasingly often postulated. As for medical care, it often is provided in return for substantial payments "under the counter," and anyone can see what it is like.

[Answer] Gentlemen, you are practicing witchcraft. The merits [of socialism] are incontestable precisely in the fields you mentioned. At present, however, the heart of the matter is socialism's problems in mastering science and technology progress. This, in my opinion, is the crucial issue. If the Soviet perestroika and our reform do not resolve this issue then nothing will be worth a damn anymore.

[Question] The classics of Marxism proclaimed that socialism would end unemployment. Yet in Hungary the Trade Union of the Temporarily Unemployed has been

formed, and there has been unemployment in Yugoslavia for some time now. In this country it is beginning to be said that productivity will not increase unless there is unemployment.

[Answer] Such views always amuse me somewhat. I remember how already under Gomulka proposals for "introducing" unemployment were advanced. Somebody calculated that it is more advantageous to pay unemployment benefits to 10 percent of the labor force because then the remainder would work more productively. This has never sounded convincing to me, and it must be said that so far nothing has come of it. But preventing unemployment is one thing and guaranteeing work for everyone is another. Since, for example, we have "produced" too many government clerks, it has to be considered that some of them will have to find employment in blue-collar occupations. At any rate I don't believe that unemployment would be a prescription for ending our crisis. Rather, there is primarily a need for measures to eliminate surplus employment and facilitate the geographical and occupational mobility of the labor force by, among other things, doing away with the "assignment of people to housing."

[Question] Another symptom of our crisis is the appearance of "the other pole" in the form a new elite which copes with the difficulties quite well and even succeeds in taking advantage of them.

[Answer] If this were to be the elite of those who work productively and modernly, I would have nothing against it. But you probably mean the elite of those who "augment their strength and are well off" not owing to productive labor but owing to exploitation of loopholes in our system. A definite policy against that "elite" should be pursued.

[Question] You think that such people should be dislodged from economic life? But what about the slogans for supporting initiative and entrepreneurial spirit?

[Answer] If the private sector performs well, I see no reasons why it should be accorded equal treatment, the same as that of the socialized sector, including equal "draconian" taxes. It should be borne in mind that some of these entrepreneurs are crooks and "entrepreneurial" speculators. And as for initiative, I believe that it is a mistake for our propaganda to identify all economic initiatives with private entrepreneurs and pay only minor attention to astute managers in the socialized sector. Now, initiatives by workforces at large plants are of crucial importance. Besides, nowhere it is said that only large plants employing thousands of people are to operate in the socialized sector. Why should not small state or cooperative enterprises compete successfully with the private sector? It is this kind of initiative that should be most important to us.

[Question] The new elites that we mentioned influence the political system. It can be assumed that, acting in the defense of their interests, they shall try to influence its transformation. This process appears to be in motion for some time now—such terms as "the opposition" and "pluralism" have gained wide currency in this country.

[Answer] So far as political slogans and phrases are concerned, it must be stated that Marxism has always postulated analyzing their nature rather than merely proclaiming and propagating them and declaring "socialisthood." This concerns both "pluralism" and "reform," "restructuring," etc. These are not at all unequivocal concepts. Gorbachev, for example, in one of his recent speeches used the expression "socialist pluralism." We in Poland associate it with a multiparty coalition system, but he associated it with discussion, with differences in views within the party, and not with some idea of establishing new parties. At the same time, Ligachev unequivocally spoke out against ideological pluralism. In general, the concept of pluralism has arisen comparatively recently, in bourgeois political science, as being opposed to totalitarianism. As for us, we desire to "astutely" adapt this concept on giving it a new interpretation. But will that succeed! I do not know whether we might not thereby be opening a "Pandora's box." After all, certain concepts have a definite connotation, irrespective of intentions, and not even a party resolution can counteract this.

[Question] Still, is not "pluralism" a more contemporary and realistic idea than the "moral-political unity" of the 1970s?

[Answer] Gentlemen, don't confuse apples with oranges, that is, different views of reality. Above all, the reality has to be acknowledged. If some people in the 1970s had declared that "moral-political unity" exists in this country, they proceeded in accordance with the principle that if the facts contradict the imagination, so much the worse for the facts. In this country we have political, philosophical, ideological and whatever other varieties of pluralism you might name. This was tacitly acknowledged also in the 1970s by stating that the "moral-political unity" was still accompanied by "bourgeois relics in social awareness." Nowadays we acknowledge that they are not mere relics, since the sources of factual pluralism are harbored in the internal structure of the society of the transition period. But a distinction should be made between this factual pluralism as an idea or a slogan and its sanctioning, consecration, and magnification as a desired condition.

[Question] It seems to us that this pluralism, this diversity, is in itself a value. Don't you think so?

[Answer] The slogan I prefer is that of the moral-political unity of the nation on the foundation of scientific socialism, scientific world outlook, and communist morality.

[Question] Therefore, in your opinion, we should tend toward sameness rather than diversity of individuals and social structures?

[Answer] In no case. We should rather and precisely tend toward a wealth of views and structures, but on the basis of scientific outlook, rational thought, rather than on the basis of pluralism of knowledge, prejudices, astronomy and astrology, spiritual culture, and primitivism. Political, that is, class-oriented controversies as well as battles between mystical views promote neither the development of creative potential nor the acceleration of scientific, cultural, and social development. As the actual economic structure becomes more socialist, the institutions and systems of the organization of social life are bound to acquire a wealth of diversity. The struggle for accelerating or retarding these transformations also will be waged. Conceiving a regimented society of regimented individuals as an ideal simply contradicts Marxism.

1386

Scrap Metal Industry Possibilities Discussed
26000299b Warsaw POLITYKA-EKSPORT-IMPORT
in Polish No 7, Apr 88 p 20

[Interview with Albin Byra, foreign entrepreneur, by Zbigniew Rozanski: "A Treasure in the Garbage Dump" surtitled "I Met With a Refusal"]

[Text]

[Question] You have been in the scrap metal business for 20 years, and you tried to do business with Poland in that field. How do you view the utilization of scrap metal in our country?

[Answer] The managing office of "Centrozlom" [Central Agency for Scrap Disposal] has confirmed to me that Poland is short of 40,000-60,000 tons of alloy-metal scrap annually. Just consider all those worn drills, threading dies, tools, etc., used in this country. Once they break down, they usually are discarded together with ordinary scrap metal. But were they to be discarded into a red-painted barrel, that being the color marking high-speed steel, and collected throughout this country, a couple of thousand tons could be thus gained. By way of an example, consider that one ton of high-speed steel scrap is valued at more than US\$300.

Or another matter: most of the so-called depreciating facilities, such as conveyor belts in bakeries, slaughterhouses, and canning factories, are periodically replaced with their new counterparts; the worn equipment is scrapped without taking into account the materials of which it was made. "Centrozlom" is not concerned about the recovery of alloy steel. I estimate the annual quantities of alloy-steel scrap at 40,000-60,000 tons. Consider how much is lost each year, given that one ton of alloy-steel scrap costs 1,000 West German marks.

[Question] Have you taken any steps to bring about a change in this situation.

[Answer] Certainly, my attempts date back to 1969. But the replies to my letters in this matter have been negative, claiming that there is no such steel and no such scrap in Poland. I have even approached the minister of materials' management himself and in the course of an hourlong conversation with him I was told that there is no such scrap in Poland. But I know that it exists, except that it is being improperly utilized.

Following my conversation with the minister I visited the general director of the Nowa Huta Iron and Steel Plant. I was escorted to the scrap dump and there I demonstrated on the spot that I was right. The general director of "Centrozlom" also confirmed that scrap metal is often improperly utilized. The director of the Katowice branch of "Centrozlom" wanted to open jointly with me a Polish-foreign enterprise. I was inclined to invest in it a couple of million marks. Unfortunately, there is a minus side to the second stage of the economic reform: every individual enterprise can freely decide how to dispose of its normative or surplus inventories. Thus there was the likelihood that, after I invest a couple of million [West German] marks in machinery, an enterprise may decide to sell its scrap to some other enterprise and transport it past my plant.

[Question] In your opinion, what could that scrap be processed into?

[Answer] Scrap needs not be processed; it has merely to be sorted, cut up, and prepared for shipment. If this is material produced in Poland, it can be shipped to the Baildon Iron and Steel Plant and processed there into new chromium-nickel steel, thereby reducing imports of chromium or nickel. If it is chromium-nickel scrap of imported origin, it should be resold to the foreign supplier so as thus to obtain foreign exchange for purchases of the raw material. The refinery in Plotsk needs about 1,200 tons of pipe from the Pozemare Company in Duesseldorf, which manufactures that pipe by the centrifugal extrusion method. Thus each year that pipe is purchased, but no scrap metal is returned to Duesseldorf. I also happen to know that Poland is importing from that company high-grade acid- and heat-resistant steel products. But there is no scrap of such steels, because it is discarded together with ordinary scrap metal instead of being separated from it.

[Question] And thus losses are caused.

[Answer] The losses are threefold: first, because the foreign-exchange profits from the scrap that could be resold to the original suppliers are forfeited; second, because the alloy materials pollute the normal blast-furnace burden so that the resulting material does not meet the standards. And third, because this damages the blast

furnace itself. I am not even mentioning—because at the moment this is difficult to calculate—the attendant waste of electrical energy, scarce as it is in Poland.

[Question] Were you in the shoes of the minister, how would you resolve these problems?

[Answer] This is rather difficult question. But I would certainly act differently. I would introduce the scrap management system employed not only in the West but in fraternal Czechoslovakia and Bulgaria.

[Question] What is that system?

[Answer] In Czechoslovakia not even a kilogram of scrap can travel from the producer to the steel plant without bypassing a counterpart of the Polish "Centrozlom." The entire quantity of scrap must pass through a sorting plant where it is sorted, cut up, segregated by kind, and shipped in accordance with destination. Czechoslovakia has been practicing this system already for 30 years.

In Bulgaria, where before the war there was no steel industry at all, the importance of alloy-steel scrap was unknown prior to my arrival. But between 1975 and the present 445 freighters have already been loaded with scrap deriving from imported products and sold to the dollar zone, with the revenues used to purchase new equipment.

[Question] Would a look at the scrap dump suffice to know how to act?

[Answer] Were the scrap lying on the dumps to be sorted and sold at, say, US\$800 per ton, it would be possible to repay within a year the loans which had been granted through my mediation to Poland, and specifically to CENTROZAP, by FRG banks, for the purchase of 37 hoists. I myself have proposed that the scrap arriving at iron and steel plants be presorted. Unfortunately, I met with a refusal.

[Question] Thank you for the interview.

[Inset] In Poland alloy-steel scrap is improperly utilized. To use the technical terms, such scrap is divided into post-manufacturing and physically worn scrap. The post-manufacturing scrap, of stainless steel, is formed during, e.g., the manufacture of table cutlery, while the physically worn scrap is formed, e.g., on hardening lines at plants working for the needs of the automotive industry. Since "Centrozlom" lacks facilities for sorting, cutting, and preparing scrap for further processing, two-thirds of all scrap are transported directly to the iron and steel plants. For example, at the Skoczow Plant, which operates a hardening line for the manufacture of subassemblies for compact cars, alloy scrap is loaded onto freight cars and shipped directly to the scrap heap at Nowa Huta.

At the scrap heap, electromagnets for separating alloy scrap and chromium-nickel scrap from iron are not used. A crane grab simply picks up scrap at random and charges it into the blast furnace. This results in so-called unmelted alloy, because iron has a melting point of 1,248 degrees Centigrade whereas the melting point of chromium-nickel steel ranges from 1,800 to 2,500 degrees depending on its content of chromium and nickel. Consequently, after the iron becomes liquid, the chromium-nickel steel is still, as it were, a kind of clotted cream sticking to the interior walls of the furnace. When the liquid iron is tapped, the steel remains in the furnace and, once it begins to cool slightly, it hardens so that the furnace has to be shut down and left to cool in order to remove the steel and discard it onto the scrap dump. This moreover requires afterward using the services of an American company whose seat is in Vienna and which has two such customers, Poland and Bulgaria, who use its services on a year-round basis.

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**Dire Export Situation for 1988 Predicted;
Bureaucracy Blamed**
*26000299a Warsaw POLITYKA-EKSPORT-IMPORT
in Polish No 7, Apr 88 pp 17, 18*

[Article by Bogda Zukowska: "A Trial-and-Error Method"]

[Text] Those who had barely last year complained about the weakness of export incentives may now remember those times with nostalgia. Those were the days of wine and roses when tax credit and other allowances could reach 40 percent of the profits, the mandatory allocation from profits for the indebtedness servicing fund was only 2 percent, and bonuses were granted for higher exports and profitability of exports.

The reality in A.D. 1988 is brutal to exporters: tax credit for higher exports and for export profitability has been terminated and the servicing of indebtedness now costs them 5 percent of their profits. They know that the still available tax credit accounts overall for 20 percent of their profits, but they are not familiar with the specific provisions governing the tax on noorm-exceeding wages, although this is now the third month of the new year. "Even if I still have the heart for promoting exports, my mind has been dulled," Jerzy Nowak, the manager of the Bydgoszcz Furniture Works, thus summed up the situation at the conference organized by the Polish Chamber of Foreign Trade (PIHZ) early last March. It was attended by the heads of several dozen enterprises exporting to both the West and the East. They also were unsparing of bitter comments addressed to the two deputy ministers attending the conference—Janusz Kaczurba of the Ministry of Foreign Economic Cooperation and Slawomir Marczuk of the Ministry of Finance.

Who Loses and How Much

"One feels like rebelling against such rules of the game for exporters," declared one of the discussants. "There seems to be no way of venting these feelings." Both things could be done at the PIHZ conference, because it is anyway too late for a change. Some of the new regulations, such as those limiting tax credit, are part of the State Budget Decree, while others will have to be defended by the ministries of Foreign Economic Cooperation and Finance, which had conceived those "Systemic Solutions for Foreign Trade in 1988" which even now are termed "tightening the screws" by the concerned parties.

Not without reason. Many enterprises which indeed make their living off exports have already calculated the earnings they can expect under the new regulations. The business manager at the "Morena" Light Industry Works has figured, e.g., that this year his plant can expect an income tax credit of the order of 25 million zlotys, that is, 45 million zlotys less than in 1987. When Director Jakimowicz showed his calculations to the enterprise's general director, he was told, "But this is impossible."

The "Nauta" Repair Shipyard will lose even more: the benefits under the new system were computed at 70 million zlotys, whereas the "tightening of the screw" will cost 140 million zlotys. These instances can be multiplied.

Were these funds to travel to the wallets of the workers and thence to the market, there would be no point to questioning them. The Government and the Sejm still have fresh in their memory the budgetary deficit at the end of last year and the anxious maneuvers to find 500 billion zlotys. But the point is that now exporters can allocate their income tax credit only for their development fund. Experience shows that investments by these enterprises have a short payoff period, but that is a risky activity for them and a virulent headache to their management.

Veni, Vidi, ... Nici

Caesar came, saw, and conquered, but a couple of enterprise heads who decided to invest in so-called pro-export projects can place on their desks the above maxim with the ending that was somewhat altered by a satirist. [Nici = "nic" = nothing]

However, the situation is not funny. The regulations introduced this year have prompted, e.g., the "Powogaz" Poznan enterprise to suspend its decision to expand and acquire new equipment. Its plan for doubling sales abroad will, as it turns out, be retained for the time being, but this cannot be accomplished given the enterprise's current production capacity, if only because the share of exports in its output is 85 percent. The state pays no subventions for this purpose; on the contrary.

Director Andrzej Barucki thus cannot restrain his astonishment, "The new regulations discourage the largest and most efficient exporters. Was that the motive?"

The "Powogaz" will no longer be allowed to retain part of the foreign-exchange earnings from its exports of water gauges, and similarly a question mark is now placed over the approximately US\$4 million expansion in furniture exports by a Bydgoszcz factory. Even if, reckoning optimistically, the credit allowances were limited to only 25 percent, the state would have earned US\$3 million more annually—but it probably shall not earn that sum, because it prefers zlotys to dollars. Such at least is the conclusion from the calculations of the aforementioned Director Nowak.

Last year the Bydgoszcz factory obtained a loan of US\$1.5 million from "Paged" [Polish Lumber Agency] and combined it with its own liquid capital as well as with the earnings expected for 1988, all in order to increase the share of its output destined for exports to 75 percent from 60 percent. However, the factory will be more than 300 million zlotys short in financing its investment, for this precisely is how much the new regulations will cost it; owing to the reduction in its income tax credit alone the factory has lost 250 million zlotys.

In Poland there are 300 or perhaps 400 enterprises selling three-fourths of their output for hard currencies. In our payments situation, all who have such ambitions and possibilities should be assisted in joining that club, or at least not be prevented from doing so.

The claims of the enterprises addressed to the representatives of the central government at times acquire a nature which could be termed minimalist-anecdotal. During the recent conference at the PHIZ one exporter made a request to the representatives of the Ministry of Finance, which as of last March still has not coped with issuing PPWW [tax on excess wages] implementing regulations: if the regulations cannot be written rapidly, let them at least be couched in plain language, the exporter said.

Topics always attending conferences of this kind were raised this time too. Tradition was followed: the topics raised concerned the slow pace of legislation, the failure to respect the guarantees of the provision of producer goods to exporters, and lastly the provisions governing retainable foreign exchange. A topic that was dangerously often raised in the discussion was the comments that foreign-exchange accounts maintained by exporters are ceasing to be an incentive to their owners, as these have to pay growing amounts of foreign exchange to their suppliers so that they are left with smaller funds for their own purchases and modernization. The standardization of fees graduated as a function of the degree of the

finishing of products, as predicted by the ministry of foreign trade, is progressing very slowly and causing fears that the related decisions will be of a discretionary nature.

If, following the "trimming" of export subsidies, the provisions governing retainable foreign exchange also will cease to operate as export incentives, then not much will be left of the incentive system attained by the enterprises during the last 5 years.

The Dispute About the Spirit

What remains will be, according to Deputy Minister Kaczurba, a genuine incentive system rather than the previous subsidizing of enterprises by means of a dozen or so different kinds of tax credit and other allowances. To exporters that is an intonation they had hardly expected. They used to be told about "export priority," but now they are being told that the rules of the game in foreign trade should not make it an economic enclave—quite justly, because that trade has been the sole oasis of special allowances in our economy, the last bastion of subventions and subsidies. But that is a topic for a separate article.

Accordingly, enterprises are to expect that the central government will no longer be the source of their foreign exchange; they will have to rely on their own foreign-exchange accounts or bargain for dollar purchases. These resources are to be complemented with the foreign exchange which had previously been spent on centrally financed imports, which last year were US\$250 million lower than in the preceding year. The deputy minister of foreign economic cooperation has moreover notified those interested in such cooperation that they will have to adjust the prices of their products to world prices, which means that producers will have to settle accounts with foreign trade agencies in transaction prices. Also to be expected is an active policy on rates of exchange, that is, a further devaluation of the zloty. The exchange rate in the last few months assured the profitability of 80 percent of the exports. This is supposed to continue.

On the other hand, the presaged five fixed gradations of retainable foreign-exchange earnings are still to be awaited. They are to be promulgated nationwide as late as in 1990.

This program sounds consonant with the "spirit of the reform," to which both sides repeatedly referred at the conference. Now it was used as an argument for introducing a new system of foreign trade, and then as an argument against it. The "spirit" itself did not make an appearance and provide an unequivocal answer. There exist justified fears, however, that it may turn into a haunting ghost within, e.g., several or a dozen or so months once statistics reveal the consequences of this year's decisions.

As to whose side the "spirit of the reform" takes, that depends on how it is interpreted. For example, have the previous forms of tax credit and other allowances been an economic stimulus, as the exporters claim, or a form of subsidizing the exporters, as the representatives of the central government claim?

Last year the tax and other credit granted for exports totaled 270 billion zlotys, and in 1986 112 billion zlotys. This clearly reveals why such approaches to promoting sales abroad are nowadays condemned. There still is missing an answer to the question of what was expected by the framers of these regulations? A voluntary abandonment of these advantages by enterprises? A slower growth rate of exports? Greater revenues for the state budget?

Deputy Minister of Finance Slawomir Marczyk admitted that the ministry had not anticipated precisely such consequences of its decisions. Though hampered by hundreds of restrictive, guiding, or limiting regulations, the economic decisions of enterprises always are a great surprise to many officials.

Real life is always ahead of the concepts and forecasts of the framers of regulations. In this connection, rapprochement between these two worlds is to take place through the trial and error method, as the conference participants were told. Placing the economy on the solid soil of the [open] market, let alone its "pro-export restructuring," may thus be a lengthy and still quite costly process, the more so considering that the instruments previously introduced in foreign trade could have sufficed, as admitted by Deputy Minister Kaczurba, to bring to light anomalies and problems whose existence had not been suspected.

Thus, enterprises may be certain of having to experience quite a few more changes in the rules of the game before some variant of these rules proves sufficiently stable to resist changes for more than a year.

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ROMANIA

Alleged Hungarian WWI Antiunification Measures Discussed

27000065 Bucharest SPTAMINA in Romanian
4 Mar 88 p 3

[Article by Corneliu Vadim Tudor under the "abc" rubric: "The Chronicle of the Unification of the People." This is the last installment of a series of at least 12 articles, the first of which appeared on 30 Oct 87. The articles deal with the contents of a two-volume, 1,500-page book titled "Romania During the Years of WWI," published in 1987 by the Military Publishing House. The 13-member coordinating board responsible for the book's production included Col Gen Vasile Milea, minister of national defense; academician Stefan Pascu; Lt Gen Dr Ilie Ceausescu (principal coordinator); historians Mircea Musat and Ion Adeleanu; and other civilian and military historians. Writing in the 30 Oct 87 installment, the reviewer states that the book represents "a triumph of Romanian historiography," and is a work of "authentic patriotic pride."]

[Text] We are approaching in our exposition the end of that era. Almost week by week we have followed together the path of tribulation, strewn with sacrifices and sufferings beyond description. Let us not forget that World War I marked a giant step forward (but for humanity a giant step backward) in combat technology: Tanks, machine guns, war gases, and other forms of genocide were introduced then for the first time. Nevertheless, the poor Romanian peasant had taken cognizance, less than a decade after the bloodbath in which the great uprisings for a better life had been deluged. It was too much for a single generation.

Although he reigned very little in comparison with Carol I, his uncle, King Ferdinand the Loyal (as his contemporaries called him) had the wisdom and good sense to understand the dramatic fate of the peasantry, decreeing big land allotments both during the war and afterwards. Also adding to this the tact with which he did not block in any way the huge surge of "ententism" of the masses, consciously letting himself be guided by the national political instinct of people of the stature of Ionel I.C. Bratianu, Take Ionescu, Al. Averescu, Nicolae Filipescu, Nicolae Iorga, Al. Vaida-Voevod, and C. Arion, we have the image of a sovereign who went beyond his initial condition and the interests of the European royal house from which he was descended, justifiably entering the gallery of the forerunners of the Romanian chronicles. In fact, if this had not been so, history would have dismissed him immediately.

We also had the chance for the existence of a downright exceptional military corps, men soundly trained in the specialized Romanian, French, Italian, and even German academies, who met the challenge of those times, demonstrating remarkable abilities in carrying out the big operations on the front. At the same time, we also had a strong and inspired press, which was equivalent to several divisions on the front, helping to maintain in the population the devotion of the national ideals, encouraging, the army and the population, conveying the historical dimension of our rights to the stolen provinces, bearing witness across the generations to that heroic time.

Naturally—as we have already stated so many times—the simple man in the crown, our ordinary Romanian peasant, with his human qualities and defects, who, when he is derided, can go from a man with a heart of gold to a venomous snake in an instant, to defend his people and home, had the central place among the factors that brought about the Union. The simple, nameless Romanian, multiplied into millions of faces, was the one who died and revived thousands of times, like grass after a storm, once again demonstrating in history our ethnic endurance, thus far unequaled by any other people. The Union was his work, the work of this man who had come to the trenches with fragments of doinas from home or with little books of Eminescu's poems, who tied

his boots with string and doled his water from a canteen, who wrote letters on oak bark to those at home, penned crudely, like drawings on Easter eggs, who had heard of Nicolae Iorga as a national scholar but had never ever seen him, who groaned on the hospital bed and asked to rush again into the vortex of the fighting, who had a score to settle with the German who had stolen his ox from the barn and had driven his bees away from the flowers, and could not rest until he saw him biting the dust. Yes, the union was the creation of this man who took his power from the Daco-Roman banners and who thought in Latin, although sometimes he did not know how to write, because a whole ancient academy, a treasure unique in the world, of which many would like to boast but cannot, had been dissolved in his blood.

This is why, by virtue of this national pride of the greatest nobility, the Romanian soldier did not look kindly upon the attempt by his age-old enemies to eradicate the result of the Union. Just a few weeks after the grand act on 1 December 1918, when all the progressive forces of humanity recognized the legitimate rights of the Romanians to Transylvania, a series of aggressive actions of the Hungarian troops occurred. At first, they were isolated, but gradually, during the spring and summer of 1919, these actions took on the scope of a war in the full sense of the word. We owe a concise description of this situation to historian Lieutenant General Dr Ilie Ceausescu, the coordinator of the present treatise: "Hungary's military aggression against Romania began in the summer of 1919. The main purpose of this aggression was that of attempting to reannex to Hungary the territories inhabited by Romanians that, through the unanimous will of the broad masses of people, had united with Romania on 1 December 1918" (from the work "Transilvania, stravechi pamint romanesc" [Transylvania, an Ancient Romanian Land]). The irresponsible actions of the new rulers in Budapest were all the more inexplicable because the [Hungarian] Soviet Republic had been inaugurated for some time, it thus being a question of a revolutionary government. However, what kind of revolution was this that ran counter to history and massacred innocent people, practicing exactly the same kind of imperialism as its predecessors? Moreover, the same aggressive actions were launched against Slovakia too, also for annexational purposes. It was clear to all Europe that the so-called millennial Hungary did not know how to lose.

A few of the atrocities of Bela Kun's "revolutionaries" are presented in the treatise "Romania in anii primului razboi mondial" [Romania in the Years of World War I]: Of them, the murder of lawyers of Ioan Ciordas, from Belus (a member of the Directing Council and a prefect of Bihor County), and Dr Nicolae Bolcas is revolting. In their murderous rage, the Hungarian soldiers even arrested a 70-year-old woman, who was none other than the mother of Transylvanian leader Iuliu Maniu, the chairman of the provisional government!

The Allied diplomats and military men in Europe failed in all their attempts to get the new rulers in Budapest to

understand that the war was lost for Hungary and that the wheel of history could no longer be reversed. On 16 April 1919, French General Henri Berthelot himself notified our government that "the Romanians have the right to respond with an attack in the case of an attack and to advance to the eastern limit of the neutral zone." Under these conditions, also aggravated by an attempt by the Red Army to unite with Bela Kun's troops on the territories of Galicia and Bukovina, the Romanian Army counterattacked. In a very short time, after battles that quenched the revanchists' thirst for land that did not belong to them, the Romanian troops liberated the territory of Transylvania, pursuing their enemies to the point of total annihilation, in order to make other provocations impossible in the future. The occasion of our troops' entry into the city from which our centuries-long oppression came is presented "coolly" by the authors of the treatise: "On the evening of 1 August 1919, a detachment of Romanian hussars, composed of 400 men, with 2 cannons and 2 machinegun sections, entered Budapest, where Colonel Gheorghe Rusescu asked the major government to order a cease-fire; on 4 August, the troops of the 1st Mountain Rifle Division entered the capital of Hungary." We learn from the newspapers of the era that the passage of our troops along Andrassy boulevard was magnificent. And, to form an idea of the humanitarian spirit in which the Romanian Army conducted itself with the local population, we will say only that over 70,000 bread rations of 400 grams each were distributed in a single day to the people starved by such a long war; of course, the examples are far more numerous. So ended our last military operation during World War I. We began and ended it later than others. The Union had taken its natural path, providing 2 decades of real Romanian progress, when culture, especially culture, flourished in an unprecedented manner.

In the truest scientific spirit, the authors of the present book achieve in the end a synthesis of the entire situation in the 1914-1919 period. We thus find that Romania had 1 million combatants, deployed along a 1,000-km front—as a matter of fact, the Romanian front was the longest in Europe. According to some sources of the era, the losses caused to the Romanian economy by the robberies committed by the invaders in the 707 days of terror came to the immense sum of 17 billion lei in gold; private parties were also robbed of property valued at nearly 14.5 billion lei in gold (according to the estimates of the newspaper UNIVERSUL). In all, the value of the losses suffered by Romania was 72 billion lei in gold, of which, unfortunately, the War Reparation Commission of the Peace Conference recognized less than half. God save us from our friends....

However, the human losses were far more important: nearly 1 million people (dead, crippled, wounded, and missing), including more than 330,000 dead military personnel. This percentage (33 percent of the total manpower mobilized by Romania) put our country in first

place in losses, ahead of France, England, and Russia, which, in fact, participated in the war for a period twice as long as we did.

International recognition of the Union was prompt and the arsenal of those treaties and declarations can serve at any time as a response to the present day revisionists. Hungarian historian Tibor Eckhardt wrote in his book "The History of Hungary," published in Budapest in 1933: "Let us not think that the Hungarians inhabited the whole country.... The territory inhabited by them corresponded approximately to that set by the Treaty of Trianon." The opinion of American historian Milton G. Lehrer is also quoted; referring to the same treaty, he wrote: "If an injustice was committed in 1920, it is not the Hungarians who should complain about it, but the Romanians, because several islands of Romanians were left on Hungarian territory beyond the political border." However, Hungary probably wanted to be a kind of Australian, although for other reasons and on other bases: to have a territory some 10 times bigger than its own ethnic forces, a megalomania typical of the country which will always amuse us. Romania, which cannot be called either "Big," or "Little," or "Medium," because it is "Natural" and we know best its natural territory, began a new era in its millennia-long history. Sometimes, you win a war but others cause you to lose precisely the peace (as was the case in 1945). However, then, in 1916-1919, fate caused us to enjoy a complete success, fulfilling with heavy sacrifices and unimaginable suffering the sacred dream of our predecessors.

Complimenting once again the strong detachment of historians who prepared this one-of-kind book and thanking at the same time the Militara Publishing House, which published it under remarkable conditions, we end the present serial with a profession of faith, which was also Duke Menemur's: *We will not give up as much as an inch of our land!* And our generation, enriched by the lessons of the homeland's glorious history, will always know how to be on a par with those who forged Eternal Romania with their blood!

12105/12232

YUGOSLAVIA

Kosovo Albanian Intellectuals Discuss Their Situation

28000101a Zagreb DANAS in Serbo-Croatian
15 Mar 88 pp 18, 19

[Article by Milan Jajcinovic and Iso Rusi]

[Text] The torrent of nationalism in Kosovo which overflowed more than 6 years ago has left behind it, like any natural disaster, sediments, its gullies, and its casualties. Then the torrent lost its previous strength and slowly turned into a lost river. But traces of its devastation have remained. The water monster has not only

silted up certain minds, but also removed many sediments and laid many things bare. Literally swarms of emotions have risen up over everything. The largest were those centered around two main streams: "ethnically pure Kosovo" and "Serbian Jerusalem." Even certain intellectuals took part in the swarming, gathering, and breeding of emotions. Albanian intellectuals were very nimble until the encirclement of silence in Kosovo was broken, and after that the Serbian intellectuals began to lead the dance. Since the "rooters for genocide" had fallen silent, and other Albanian intellectuals—without feeling guilty—had not raised their voices or did not do so loudly enough, questions began to be asked on all sides: "What happened to the honest Albanian intellectuals?" "Why are the Albanian intellectuals silent?" etc. These questions are being put today, and the "rooters for genocide," often openly but still more often clandestinely, have been trying to extend that to the entire Albanian intellectual community, which supposedly is continuing to remain silent.

All Albanian intellectuals from Kosovo we talked to reject that kind of simplification about themselves and their behavior, just as they do not accept any one-sided and imposed "truth" about Kosovo. The first person we talked to, Ramiz Kelmendi, former professor in the School of Philosophy, once a journalist and editor-in-chief of RILINDJA, now retired—who for several years after his column in that paper was discontinued expressed his intellectual unrest by writing letters, some of which in fact saw the light of day in certain newspapers—is unable to restrain his emotions as he talks about the concentric circles spreading out from Kosovo.

"We intellectuals are expected to speak up only and exclusively to attack Albanian nationalism and separatism. Why is it that we cannot speak 'our own' truth about ourselves like everyone else? Why is it that everyone who attempts to say an honest and sincere word about the situation in Kosovo and about the Albanians is attacked with full fanfare and every available weapon? People who do not know Kosovo create an impression, an illusion about it from what is written in the press, and judging from the press one gets the impression that all we do here is biting and raping.... A picture of Kosovo is created similar to the one which Cubrilovic offered in his study. The requirement is set up, one which I consider a kind of hypocrisy, blackmail, that I have the right to speak about the situation in Macedonia only if I have attacked what presumably is happening here," Kelmendi says.

Ramiz Kelmendi disputes even the assertion frequently heard about the passivity of professors at the university, about their failure to oppose the spread of nationalism. He says that there is hardly a single Albanian intellectual who has not "attacked Albanian nationalism in 100 ways, not just verbally." By giving lectures in schools, by writing articles, by being active in their party organizations, by taking duty watches day and night in the student dormitories ("we have eaten and slept with the

students"), Ramiz Kelmendi says, "we have done 100 times more than the politicians to prevent the demonstrations from taking on broader proportions," and in that way we have "in part shown what we are made of."

The interview with Ramiz Kelmendi was so paradigmatic that it stuck little flags into the main coordinates of the intellectual field of the intelligentsia in Kosovo (extending, of course, to broader intellectual horizons than just Kosovo), concerning its position and commitment, its silence or its having been silenced about its view of its own nationalism and that of others, about the correspondence (or lack of it) between the truth and Kosovo reality (to what extent our insight into the situation is realistic and to what extent it is imposed), and especially concerning the space open for intellectual activity and the demands of day-to-day politics, as well as about how what happened and is happening in Kosovo and around it has and is being reflected on the thin stratum of Albanian intellectuals.

The Fuzzy Border

Dr Gani Bobi, one of the young Kosovo intellectuals, a professor in the School of Philosophy at the university, feels that today there are a mass of prejudices, mistakes, and illusions about Kosovo which are preventing the truth about it from ripening. Stereotypes and paralogisms predominate in the prevailing discourse concerning Kosovo, and "they serve for increasing emotional tension and fuzzifying the difference between the real problems and those which are imagined." That is why Dr Bobi sees the true role of the Albanian intellectual from Kosovo to be exposing that reduced or intentionally distorted discourse. In the most recent issue of IDEJA Professor Bobi asks himself how the "semantic chaos" of the discourse concerning Kosovo can be opposed:

"The very referral of the issue mainly to Kosovo intellectuals implies in a sense the opinion that these intellectuals have not been sufficiently committed or have ceased to be intellectuals, because they have done nothing to prevent distortion of the discourse about Kosovo...."

"Of course, I have no intention whatsoever to defend or justify the Kosovo intellectual. What I mean to say is that the discourse concerning Kosovo has been shaped mainly on the basis of a monopolistic interpretation in which the border between progressive and regressive tendencies has been fuzzied by an abuse of revolutionary eschatology. This interpretation has at the same time furnished resistance toward all attempts to expose its falsity, since whenever necessary it had the freedom to proclaim all such attempts counterrevolutionary."

It is not just a fear of possible name-calling (Dr Bobi: "More than once the Kosovo intellectual has without hesitation been proclaimed a nationalist and irredentist in the case of an Albanian or opportunist and careerist in the case of the Serb or Montenegrin if he dared to oppose

the distorted discourse concerning Kosovo.") and the fear of the consequences that have served as "justification" for the scant effort in exposing one-sided portrayals of Kosovo reality. After all, as Dr Gani Bobi says, the Albanian intellectual from Kosovo has been placed in a position of having to prove his innocence in advance, which is why he accepts silence over the terms of reference imposed. Bobi agrees with Kelmendi's assertion that the Kosovo intelligentsia is not passive. He goes further. Without questioning the judgment of the Yugoslav public toward the incomplete process usually referred to as the differentiation, he says that it is being demanded not only by political officials, but also by intellectuals who are Albanians—the latter being even more radical than the former. What would that delineation actually mean? A demand that those who have stumbled "acknowledge their nationalism and irredentism, their guilt for the deformations which have occurred or are occurring around them," and a demand that they "commit self-negation as intellectuals."

Nationalism and intellectuals who are nationalists have only spread still wider the a priori suspicion of all Albanians, have revived the old prejudices about their unreliability, equating them almost with the position of the Jews in the Middle Ages, when they were "to blame" for everything, from the plague and hunger to "ritual murders" and "desecration of the host." "Also present in the distorted discourse about Kosovo," Dr Bobi says, "has been the prejudice that the Albanians are those who have been ruining Yugoslavia. To be sure, a distinction is sometimes made between Albanians and honorable Albanians, in which the 'Albanians' are counterrevolutionaries, nationalists, irredentists, separatists, fascistoid, rapists, and so on, while on the other hand the 'honorable Albanians' (the number of them is not given, but they are usually to be found only among the shepherds) are not like the 'Albanians.'"

Or, as it is put by Dr Ali Aliu, professor in the School of Philosophy at Pristina University, it is not uncommonly thought that the only good Albanian is an illiterate Albanian, which is still, he adds with a caustic smile, a bit better than the saying: "The only good Indian is a dead Indian." Of course, there have also been attempts to find some historical "grounding" for that kind of stereotype and to proclaim other similar ones a historical constant. The kind of intellectual climate in which that can happen without hindrance is never suitable for intellectual zeal. When the traditionalism of Albanian society is added to that, then the figure that some 20 years ago only 580 Albanians had completed the university is eloquent enough by itself.

The Albanian intelligentsia is today in a situation, as assessed by Dr Ibrahim Rugova, president of the Society of Kosovo Writers, where it is "at fault both when it speaks and when it keeps silent." From the political standpoint its space is cramped, and "as soon as it is said that the intelligentsia is keeping silent, that immediately means that someone wants it to trumpet their opinions."

According to the philosopher Shkelzen Maliqi, this effort comes down to one dimension: (mis)use of the intelligentsia, "so that it is no wonder if it does not consent to that kind of dictate." Maliqi also sees a narrowing of the space for intellectuals who do not consent to those conditions in the fact that a portion of Kosovo intellectuals had mortgages in 1981 which they have still not been able to free themselves of. This space is also being narrowed by the "origin of the intelligentsia, the existence of clans and patriarchal mental structure, confused criteria for evaluation." The writer and journalist Agim Mala also mentions the compression of opportunities for social and political commitment. That is why he speaks about the silence and the silencing of the Albanian intelligentsia, about the freewheeling ways in which its commitment was sought and the ideological pressures exerted in that effort, so that there has been "little space for a civilized dialogue."

The poet Ali Podrimja looks on the Albanian intellectual enclosure through the prism of Kosovo literature, so that the intellectual space of Albanians has been reduced to the provincial borders. He says: "Our books cannot make their way into Macedonia, Serbia, and Montenegro. Our culture societies are in the same position. This depresses people."

All of those we spoke with in Pristina expressed the judgment that the real truth about Kosovo is not getting to the public, that the situation in Kosovo is not as it is represented, that there is a logic here which, it is alleged by Dr Gani Bobi, encourages hasty judgment, which is schematic and one-sided, which encourages the use of stereotypes and rationalizes prejudices, which attempts to block a rational thinking process in order to mobilize people for unconscious and irrational types of behavior, i.e., for emotional actions. Ibrahim Rugova says that a unique kind of indoctrination has been created concerning Kosovo after the pattern: everything there is bad, do not think of going there, not only are there problems there, but something more than that. For Ali Aliu the selective reporting from Kosovo is "only a game which conceals the main thing," while Ramiz Kelmendi, exaggerating, said that he had the impression that the only truth about Kosovo was a lie.

Under a Personal Umbrella

Agim Mala explains this kind of situation with his thesis about an irrational ring around Kosovo, whereby everything is based on negative selection of the news from Kosovo, on a systematic manipulation which nourishes the irrational. Dr Bobi sees the real objective of this kind of reporting in the creation of "general social insecurity and subtle suggestions that the culprit for this situation is the autonomy of Kosovo and the Albanians who comprise a majority of the population in Kosovo."

Agim Mala cites as an example what a large daily newspaper once wrote about "two men in white caps" who poured gasoline on a Serbian boy and then set him

on fire! A news item to give you goose bumps. But untruthful! It was later retracted. But is it possible to retract anything here! It is very difficult. After all, disinformation as Bekim Fekmiju aptly described the relation between disinformation and retraction is when a bag of feathers is dumped down Knez-Mihajlova Street, and retraction is trying to put it back. Regardless of the fact that someone who has attended some event in Kosovo and the next day when he buys a newspaper cannot escape the impression that he was somewhere else or had "left his senses," one still gets the impression that much more could have been done toward objective portrayal of Kosovo reality even by the so-called information media of Kosovo in spite of their restricted scope. Since it is thought by some that they are even a step behind day-to-day politics in Kosovo. Shkelzen Maliqi once said that the "news media in Kosovo have been and have remained one of the boundless barriers and monopolies of the Kosovo bureaucracy," which until recently consisted of people who had carried the war and the revolution on their backs, but who, allowing themselves unlimited letters of credit to exercise power by establishing an unlimited term of office, had essentially restricted the possibility of public evaluation of their performance.

The newspaperman who undoubtedly has recently been broadening Kosovo horizons about journalism is the RILINDJA newsman Veton Surroi, who does not dispute that the media in Kosovo are in a way under the umbrella of the political monopoly. But now not in formal institutional form, but a personal monopoly held by members of so-called informal groups. And often they do not allow a critical attitude toward one's own community to go any further than the level of some opstina SIZ, Surroi says, adding that it is indicative that until a year ago one did not dare to publish that a large part of the responsibility for the situation in Kosovo is in fact born by the opstina leadership. Nor can you be critical "toward serious attacks manifested in the form of anti-Albanianism, which in essence are subversive to the entire system." Bashkim Hisari, director of TV Pristina, says that the innovation of broadcasting live from every meeting of the LC provincial committee or Kosovo Assembly or doing special broadcasts will fill the information gaps in Kosovo.

None of the people with whom we talked disputed the existence of Albanian nationalism in Kosovo, nor the difficulties which persons belonging to the Serbian nationality have encountered. What they want above all is that a sense of reality (on either the Albanian or Serbian side) not be lost by a fuzzing of the facts, that a distinction be made between the real problems and those which have been imagined, and that reality not be placed in molds prepared in advance, nor pressed through old dies. University professors list among those old dies the assessment—which has been constant since 1981—that the university in Pristina is a bastion of Albanian nationalism, a place where Albanian nationalists and separatists are indoctrinated, since the bulk of the demonstrators were university students. Ramiz Kelmendi supports

his opinion with the assertion that over the last 5 years the university has not had a single nationalistic incident, while Gani Bobi says that there is nationalism even at the university, but that it cannot be said to be a feature of the university.

A portion of the Albanian intelligentsia—frightened first by the nationalistic torrent, and now by the shouts of various loudmouths—is silent even today; while another—because of its "dirty hands"—has been silenced, and yet another is fighting to wrench Kosovo out of the clutches of stereotypes (which is probably why they accepted the invitation of Serbian writers to talk about the relation between Serbs and Albanians). A number of Kosovo intellectuals of Albanian nationality who carried no burden either from '45, '66, or '81 want to break through the "irrational ring" around Kosovo, i.e., abandon the unproductive discourse about it, in which "there is no future at all, but only a bitter past." Will they be successful in that?

07045

Academician Rexhep Qosje Interviewed About Kosovo Intelligentsia

*28000101b Zagreb DANAS in Serbo-Croatian
15 Mar 88 pp 20, 21*

[Interview with Dr Rexhep Qosje, member of the academy, by Milan Jajcinovic: "A Gram of Power Weighs More Than a Ton of Intelligence"; date and place not given]

[Text] The words of Dr Rexhep Qosje, member of the academy, have always met with a response whether they were approved or disputed. Probably because of their intellectual tonality and his intention of casting light on reality—especially Kosovo reality, and that from a particular and unusual angle. Qosje's words have frequently met with indignation. But he cannot be accused of keeping silent. And it is silence toward the nationalism of their own people that has been the stumbling block of Kosovo's Albanian intellectuals for years now. That is why we asked Rexhep Qosje:

[Question] What do you think about the assertion that Albanian intellectuals have been keeping silent?

[Answer] That assertion has been repeated several times already, although it is not accurate. Albanian intellectuals have demonstrated that they are not keeping silent in the communities where they live and work, but those who have been making noise about their silence are not there to hear them. It seems, however, that even if they did hear how they are speaking and what they are saying, they would still continue to repeat: Albanian intellectuals are keeping silent! Why? Presumably in order to silence them! Or perhaps they feel that anything they have not heard was not uttered! Or perhaps they think that anything which they do not approve or do not prescribe should not in fact be uttered! When certain

intellectuals and some of the news media have for years been feeding public opinion all kinds of half-truths, untruths, and slander about Kosovo reality, about Albanians, about their history, culture, mentality, and character, then they probably have a precisely defined objective. And if the objective of that entire campaign is ultimately to stop Albanians, to limit them in their national emancipation, marginalizing them as a political entity, that is, defining for them a much more modest place than they objectively have with respect to the level of historical, social, and intellectual development, than they have and should have in this society on the basis of their identity, then there is a need to silence those who might expose those untruths and slander—since they are drummed followed by measures! Those who have been silenced are the easiest to handle: they accept things as they are imposed because they are unable to say what they are.

[Question] What do you think about the reactions of certain Serb and Macedonian intellectuals in recent years to the words of (certain) Albanian intellectuals?

[Answer] They do not use arguments at all, but political accusations! This is the classical method of silencing people, but it is inappropriate to a democratic dialogue among intellectuals. Have you had occasion to follow the reactions of certain political institutions (in Belgrade and Skopje) to the discussions of two Albanian political intellectuals in the spring of 1987 and now in February 1988? Here again the method used was the classic one of political silencing, which is incompatible with the political life this society stands for. The conclusion seems to be imposed: the best Albanians are silenced Albanians, and the more intelligent they are, the more silenced they should be! It is obvious, unfortunately, that in certain communities the Albanians are persistently viewed as members of a minority whose duty it is just to listen and do what they are told without thinking. It is forgotten that people's equality is based not only on the facts of economic and social life, but also on the fact of free use of political intelligence. Humility has always borne the imprint of second-class and third-class citizens. But we proclaim ourselves to be a society of equal citizens and nationalities. Let us be so not only in resolutions, but also in practice.

[Question] Has there been a tendency for Albanian intellectuals from Kosovo to place themselves at the service of day-to-day politics, that is, of the national [in the sense of "ethnic"] bureaucracy?

[Answer] Of day-to-day politics—yes, of the national bureaucracy—no. When down through history have those in power not had intellectuals in their entourage: philosophers, poets, scholars, painters? What ruling classes down through history have not striven to place the intellectuals at the service of day-to-day politics? The manifestation of this tendency in our century has been particularly brutal. In Kosovo, probably because of the weak democratic traditions, the patriarchal spirit in

politics, but also the position of Albanians as an "ethnic minority," that tendency is much more vivid than in other communities in the country. Our bureaucrat has always treated the complexes which have made him humble toward those above by being unmerciful towards his own people down below. Never asked his opinion on the one hand, he issues orders for everything on the other. At the same time, Albanian intellectuals themselves are more easily placed at the service of day-to-day politics and the bureaucracy than in other communities. There are many reasons for this. Some intellectuals come from poor families, be they peasant families or city families, and placing themselves at the service of day-to-day politics and bigwigs frees them of the nightmare of poverty. The privileges offered them for that service make up sufficiently for the creative innocence they have lost.

Beyond that: for nearly 5 centuries we were under Turkish rule; 3 decades under the police state of the old Yugoslavia; 4 years under Italian and German occupation, up until 1966 completely limited and controlled by Rankovic's UDBA agents, so that for all those reasons and a few others we have objectively become a people forcibly brought to a state of making a fetish of power. One reason we are not a very religious people is that rulers have been all-powerful and we have been compelled to bow down to them. Which is probably why even today our academy members stand passively in front of secretaries of communities of interest; poets accustomed to the fanfare of popularity are struck dumb in front of opstina scribes; distinguished scientists have their pencil frozen in their hand for their entire life as soon as they are offered a position in science or education! I have never understood whether this kind of behavior on the part of certain intellectuals is essentially a consequence of a very limited intelligence or of the unlimited benefit which follows from it.

[Question] Has anything changed in recent years?

[Answer] In recent years certain bureaucrats of that kind have been recruited from the ranks of the Albanian creative intelligentsia, even with the highest academic titles, and they have begun to persecute their fellow scholars. Had there not been certain politicians, even younger than them, to halt them in that intention, who knows how many intellectuals would have been completely cast out of our cultural life and probably would have suffered more serious consequences. Fortunately, there is usually a wiser politician who has not become drunk with power, who is free of the envy which it seems unfulfilled creative ambitions place as a burden on the unsuccessful, so that these intellectual punishments are stayed at the last moment.

If a number of Albanian intellectuals have been placed at the service of day-to-day politics, under the conditions of Kosovo this has never meant being placed at the service of the so-called national bureaucracy, not because certain intellectuals would not have liked that, but because

the bureaucracy did not want it. The Albanian bureaucracy, because it considered itself and considers itself the Kosovo bureaucracy, not only the Albanian bureaucracy—which is in keeping with the multinational composition of Kosovo—has always been afraid of the Albanian intelligentsia. The Albanian bureaucracy is truly the most ethnic bureaucracy in Yugoslavia. Anyone who wishes can see for himself every day how that ethnicism usually comes down to ethnic phraseology. It uses the intelligentsia that has been placed at its service, but at the same time it keeps it at a distance, in a state of readiness, at attention, and communicates with it up to a certain level. The Albanian or Kosovo bureaucracy does not esteem its hired intelligentsia, although it pays on the one hand with privileges and on the other with illusions of the power which it supposedly is making available. And why should it esteem it after all! Uneducated politicians do not esteem any intellectuals, since they do not know the value of either knowledge or talent. Wise and educated politicians do not esteem intellectuals who have in this way placed them at the service of day-to-day politics, since they despite servility which they encounter so frequently in life, and perhaps in fact also offer it. They know an intellectual of this kind is a miserable fawner who lies to them just as he has lied to those who preceded them. In the end, who can esteem an intellectual without intellectual and moral sovereignty?

None of this, however, means that intellectuals who are creators should stay aloof from society and social phenomena. No. Under normal conditions perhaps the relation between intellectuals and politics could also be viewed from the standpoint of those who compare them to porcupines in the snow: if they crowd too close together, they will prick each other, if they spread apart too far, they will freeze.

[Question] What, then, is the range of the thought of the Albanian intellectual from Kosovo, and what opportunities are there for him to express it publicly?

[Answer] The opportunities of the Albanian intellectual in Kosovo to state in public his thought are today more restricted than ever before, from the fifties up to the present time. In the sphere of culture, science, and creativity a monopoly, monolithism, and monologue are consistently nurtured in our community. You will not believe it, but it is true: all the daily newspapers carrying political news, all the weeklies, all the cultural and literary papers and magazines in the Albanian language in Kosovo, together with the only publishing house, are centralized in a single newspaper, publishing and printing firm! They are all headed by a single director! All the managing editors, all the editors-in-chief, all the staff editors are elected or appointed in that same organization.

At one time, a majority of those newspapers and magazines for literature, science, and culture belonged to other institutions which had established them, but back some 15 years a shortsighted ideologue, so that he would

become a more important director in culture, brought them all under his own wing, in a single institution. That act objectively laid the foundation in our intellectual life for monopoly behavior and all the consequences that follow therefrom: group-ownership relations, localism of various kinds, restrictive or repressive measures toward thought. The consequences of that kind of centralization of cultural and creative media have been manifested most drastically in recent years. This kind of centralization has made it possible for the cultural bureaucracy, under the iconography of self-management democracy, to apply repression more easily against creativity and to frustrate even the mildest critical thought. Just imagine: you cannot get recognized to speak here where you live and work, but in other communities you are recognized. That is the fate of Albanian intellectuals today. Their thought must be sacrificed to the careers of certain cultural and other bureaucrats.

[Question] Ethnic homogenization is taking place in Kosovo. Even intellectuals are not immune to it. But to what extent are that kind of spiritual uniformity and intellectual one-dimensionality present among the Albanian intelligentsia?

[Answer] The Albanian intellectual is an individual whom society sincerely considers to be an intellectual, and he may have his doctorate, but still he lives far from the things of the mind. After all, his standard of living is the only compass that guides him in his life. Usually he is thinking how to earn as much as possible and to set himself up as richly as possible. He is always content: with himself and the world around him, and that contentment of his can be read both from his eyes and from his oily skin. He has not read books for years, he reduces world history and national history to folklore, and his desire for knowledge has been reduced to the daily newspaper. You will see him at 0700 hours, or later, buying the local newspaper, see him go into his office, his publishing house, his institute, his community of interest, his university, or some other work organization with it folded in his right pocket, and he will feed it to his sluggish mind throughout the day. He reduces science to what can be read in local newspapers and magazines, literature to what was read in school, and politics to gossip. In the work collective intellectuals of this kind are the flour from which the so-called management structure bakes all kinds of things. They actually represent that segment of the Albanian intelligentsia which other Albanian intellectuals call patriarchal. In their appetites they belong to the world which is coming into being, but in terms of their consciousness they belong to a world which is disappearing.

[Question] And the others?

[Answer] The Albanian intellectual is also an individual who uses his intellectual activity only as a springboard into a much more lucrative activity: management of that activity, its values, or fields close to it. In the most frequent cases he also reads little, since he has no time to

read, and his intellectual interest is quite limited. For him, a wiliness of mind is supreme wisdom, horizontal locomotion is the supreme philosophy for getting ahead in life, and official position is the supreme compass to be taken as a guide. He realized promptly that this is a time in which a gram of power is worth more than a ton of intelligence, and good connections are worth more than creative genius. That is why he has mobilized both his wiliness of mind and philosophy of horizontal locomotion in order to get in a bracket where for 20 or 25 or 30 years he will be successively director, principal, secretary, dean, rector, or president in institutions to whose level he has climbed, though he does not equal them in stature. He resorts to all kinds of machinations, he avoids every possible injustice, and he never thinks that those to whom injustices are being done may one day be rehabilitated, but never those who engage in all kinds of machinations. He disposes of socially owned property almost as though it were his own; he uses socially owned resources to corrupt those around him—which is why he has plenty of friends! He may continue to write a bit of poetry, prose, drama, to compose a few tunes, to organize a few exhibitions, to write an article or essay, but he no longer likes or values creativity. Servile to the utmost toward his superiors, he is quite often brutal toward his subordinates. Alienated from his people, he is more to be pitied than respected, and in intellectual circles he is referred to with a smile as everyone's bride! Recent years have removed the halo from the philosophy of life of this type of intellectual. Fortunately, there are not many of them, although this does not mean that there could not be more, since in hard times they volunteer their services.

[Question] The third type is probably a person "of upright locomotion"?

[Answer] The Albanian intellectual, however, is also an individual who wants to be his own man, to act in keeping with his conscience, not just to be a little screw in the machinery, to travel through life vertically, to think with his own head. The most important thing for him is to do, not to be. He needs as much as will make it possible for him to meet the most basic social needs. He is characterized by great intellectual curiosity, an openness toward diverse values and cultures, and a good knowledge of both national and world culture, science, and art. Intellectuals of this kind bring new ideas, conceptions, values, visions, and new knowledge to our life. New currents in our artistic creativity; new scientific methods and theories in our scientific work; new and up-to-date knowledge in thought in general; the application of new procedures in various professional fields—all of this is their contribution. Sometimes they are the least noticed, but still they are the most important Albanian intellectuals in Kosovo, since they truly carry the burden of the intellectual, scientific, and artistic development of the Albanian nationality.

[Question] Does this type of intellectual prevail in Kosovo today, or are the "flour intellectuals" or those from the "springboard" in the majority?

[Answer] Fortunately, this type represents the most numerous segment of the Albanian intelligentsia, and both in its numbers and the importance of its work it sets the tone for the intellectual climate, and they are guiding Albanian intellectual thought toward the future. It goes without saying that they are the intellectuals most esteemed by the people. Nevertheless, this type of intellectual is not always taken in the best way or treated appropriately. Their work and their pride sometimes become a burden for them, since, as Hana Arent says: "Nothing arouses envy like wealth without power, that is, like intellectual wealth."

07045

Law Professor Queried About Constitutional Proposals

28000105 *Belgrade STUDENT in Serbo-Croatian*
24 Mar 88 pp 6, 7

[Interview with Dr Radoslav Stojanovic, professor in the Department for International Law of the Law School of Belgrade University, by Predrag Savic and Jovan Janjic: "The Referendum Is the Salvation!"; date and place not given]

[Text]

STUDENT: At the recently completed Conference of Legal Specialists on the Constitutional Amendments you were the most radical in evaluating the scope of the constitutional changes. Why did you say at that time that "the 1974 Constitution should be rescinded, and a completely new constitution adopted"?

Stojanovic: That argument was in fact the essence of the entire conference. If you read all the papers from the conference, which have been published in a separate book, you will see that in practice very little is left of the 1974 Constitution that was not subjected to serious criticism. When you have to change all the segments of a constitution, then I do not understand how this can be done with amendments. And if it is done, in technical terms I am unclear as to what this would be like, since if you have to have an amendment for every segment that alters everything essentially, then it is much better to change the entire constitution. Especially since this Constitution, in my opinion, has a number of essential definitions which are erroneous and which go against the grain of the time in which we live and the principles governing organization of the state and the government. Of course, even in this Constitution there are quite a few things which need not be criticized and changed, but should be retained. Here I am thinking primarily of certain basic principles which could be carried over to new constitutions and which in fact had previously been carried over.

I repeat once again, the Constitution cannot be essentially amended at all with amendments, since in practice every segment has to be changed. One of my colleagues

made this witticism: "These amendments represent the agreement of the ruling elite in Yugoslavia not to change anything!" I fully agree with that, since they embody only two innovations of any significance. The first is that the Federation can carry out its decisions directly if the republics and provinces do not do so. But the procedure for that direct execution is so infinitely protracted, slow, and complicated that execution thus becomes ineffective, but some decisions have to be carried out "yesterday"—without waiting. The other change lies in the jurisdiction of the Federal Court, which in a way improves the legal status of citizens, who from now on will be able to appeal to the Federal Court, which was not possible in all republics. But even those two important changes have been constantly criticized, since they must be applied in a much more effective way.

The Balance of Power

STUDENT: Explain to us what in your opinion are the other deficiencies of the amendments?

Stojanovic: The amendments cannot remove the defects of the solutions embodying the system that were contained in the 1974 Constitution. The main shortcoming of the constitutional solutions dating from 1974 was precisely that they contradicted the essential principles governing organization of the system. If we start with the simplest definition that the system is everything that constitutes the whole, it is obvious that Yugoslavia continues to be more a confederation than a federation. Since we know that a confederation is not a state entity, but an alliance of independent states, then it is clear that Yugoslavia is not an entity and, given the way it is organized, it cannot function as a system. As I have already said, every system must have a center for decisionmaking, a hierarchical relation between the system and subsystems, it must be decentralized, and it must have regulators that prevent increased entropy. Confederal decisionmaking at the level of the Federation is not decisionmaking at the center of the system, since the decisions are made in the centers of the subsystems, and the decision is made only with consent from all participants in it, and that is in essence a contract. Even the constitution itself is in essence a contract, since it is adopted and amended with consent of all participants in it. That is why Yugoslavia is essentially more a confederation, although from the formal standpoint it is a federation. The difference between political decisions and contracts is precisely that the former are adopted by a majority, and the latter by consent of all the contracting parties.

These amendments restore the hierarchical principle in Yugoslavia's constitutional system in a very ineffective and complicated way, as can be seen from Amendment 30.

It is clear that the 1974 Constitution did not provide for decentralization, but, as we have already said, disintegration of Yugoslavia as a system. The powers of the

federal units are such that they are sovereign in the decisionmaking that takes place in the Federation. Which is why they are not even motivated to inform the federal center of decisionmaking about facts essential to making decisions in the federal center, since they themselves are making the decisions. But facts which are essential to the interests of other federal units are not relevant here, since there is a veto. This neglects the interdependence among federal units, and the system cannot survive without interdependence. That is why information is short-circuited, and the necessarily increases the system's entropy.

The purpose of the system's decentralization is that the decentralized body sends to the decision-making center facts arising out of its own experience which are essential to that center. Facts from all parts of the system are brought to bear against one another at the decision-making center and are thus balanced out, respect necessarily being paid to interdependent interests. But if people come to the decision-making center with decisions already made (which is a contradiction in itself), then it is not possible to accept the facts of others if they differ from the decision "made." Then comes negotiation as in international relations, in which, as is well-known, questions of prestige and power frequently play a greater role than rational judgments. The result of this kind of negotiation is as a rule a compromise in which, as is well-known, whoever is the most powerful gets the most. This gives rise to power relations, a balance of power, coalition, cooperation on the one hand and conflicts on the other. This is what is referred to in theory as an anarchical system. Its basic feature is that selfish interests result in the use of every means of realizing them! Presumably we know what that means?

There is another major problem which these amendments do not solve, and that is the question of responsibility. Direct elections and the mechanism of recall are not being introduced, and that is an indispensable minimum for democratizing this system. Unless there are democratic institutions, there is no responsibility.

The question of the independence of the judiciary has not even been touched. The parliamentary system (legislative power) has not been adequately defined, nor has the role and place of the State Presidency. All in all, these amendments do not represent a step toward development of democratization of the Yugoslav state, and without that we cannot expect to avoid further bureaucratization of power and a strengthening of the bureaucracy's power at the expense of self-management.

At the same time, the jurisdiction of the Federation is being broadened. This is particularly the case with the tax system, the strategy governing technological development and a modest jurisdiction in educational policy. However, this broadening of jurisdiction could, in my

opinion, complicate even more the solving of these vital issues because decisions on them are being made by consensus. That method of decisionmaking is slow, ineffective, and uncertain.

Power and Self-Management

STUDENT: Self-management has not taken the central place in society, nor has it restrained political voluntarism.... What is the relationship between the amendments and self-management?

Stojanovic: The proposed amendments take up only certain technical legal questions of the functioning of the self-management system, and they do so without drawing a clear line between the state and self-management. In this way, as I see it, they do not essentially solve the relationship between regulation through self-management and regulation by the state. That means continued persistence of the situation in which up to now there has been either too much or too little intertwining of the jurisdictions of the two. I am unable to see in what way these amendments can reduce the normative function to a reasonable measure so as not to smother self-management. The exaggerated normativization of the life of society we have had up to now has resulted in the ineffectiveness of normative acts. However, it could be still more troublesome. However wisely conducted, the normativization of social processes can hardly free itself of hypertrophy. If the mistakes of voluntarism are to be avoided or diminished, aside from clearly and firmly defined responsibility, there is a need to increase the autonomy of society, its self-organization and self-regulation through self-management. Since life imposes needs, they are best dealt with where they arise. Government power is indispensable in order to coordinate only social interests, to monitor and prevent abuses and pathological phenomena.

Let us be clear, self-management is the great chance for socialism and the development of society in general. But since the communist parties have merged with the state, a party state has come into being. The party must remain the guiding force of the movement, and as such it must remain the vehicle of society's autonomous development, aside from the integration of government power. When it merges with the government, society has lost the opportunity of self-management. When there is total centralization and ideological monolithism, all of society's creativity is frustrated. The exercise of authority thus moves further and further away from society, becoming and turning into a ruling minority which cannot be responsible to anyone but itself. Given its ability for self-reproduction, there has been no obstacle to nepotism. In some countries it has been completely out in the open (Romania, North Korea), while in others it is replaced by proteges adopted on the basis of affinities, friendship, local origin....

Self-management could have untied that knot and restored autonomous functioning of society without ruinous centralized and all-encompassing government authority. If that is to be achieved, there has to be strict division of the jurisdiction of government power from the jurisdiction of self-management. What is more, the party has to abandon its monopoly over government power and grow to become a democratically organized social force.

STUDENT: At the conference you also expressed your opinion as to how all that can be achieved.

Stojanovic: This can be achieved if government power is exercised exclusively on the basis of legal authority and within those limits. There also has to be a division of government power into legislative, executive, and judicial. Those powers would be independent in their ability to monitor one another. This kind of government power would have to be accountable to society. Responsible government is a government elected and removed by democratic elections.

If that is to be achieved, human rights at the level achieved by the development of civilization must be guaranteed by the constitution and by law. Moreover, government intervention in the self-management system operates as an automatic regulator in the following areas: establishment of the legal basis of social ownership and its protection; setting up the framework for the planned development of society as a whole; monitoring fulfillment of planning obligations; financial policy, which should prevent cases of all types of egoism and exploitation; prevention of abuse of self-management's autonomous operation; regulation of the joint market by law; and assurance of international protection of its planning targets on behalf of social development.

There is also a need for self-management to be exercised in all domains of the life of society consistent with the needs and aims. If that is to be achieved, there has to be democratic election and recall of persons in positions of responsibility in self-managed organizations and also accountability of those elected to the self-managers, and the self-managers also must take the consequences of what they do.

Only under those conditions and with people broadly related to one another on the basis of interests government power would not have to hinder the autonomous functioning of society without which there can be no progressive development. These solutions are, of course, only the basic elements for complex organization of society. Especially since we are talking about management of a complex social system. That kind of mechanism can be built effectively only through collaboration of experts with a multidisciplinary orientation.

The present Constitution contains an acceptable scheme for self-management. However, it also contains a number of contradictions, especially in the area of the formation of associations, since the present structure promotes the processes of disintegration rather than integration. Also, intervention of the government into the business of self-management has not been precisely defined, and thus by means of voluntaristic norms it has been frustrating the exercise of responsibility by self-managers for their performance. This inadequate delimitation of jurisdiction indicates the large role which government power can have in the self-management system. If we add to this the monopoly which the party holds over personnel policy of self-managed organizations, it is quite clear that self-management has not been achieved in the manner that was necessary in a society which does not exist for the sake of the government.

STUDENT: What changes do you propose in the constitutional arrangement of the Federation?

The Referendum as a Way Out

Stojanovic: Since the Yugoslav state has gone through almost all the forms of government from prewar unitarianism, via federal centralism up to 1963, and since that time a relatively decentralized federalism, all the way to actual confederation in 1971, it is not simple to offer proposals for any new arrangement of the Federation. Especially when we know quite well that all these forms have not made an essential contribution to overcoming the almost continuous social crisis and very serious disputes and conflicts among the nationalities. However, we lie in this country and in a very complicated international environment, and we must do everything responsibly so as to organize the system that would make that life much more acceptable. That is why I am inclined to believe that the way out would lie in a maximum decentralization such as has never been achieved up to now. That kind of decentralization would have only two restrictions: the international functioning of the government and the internal functioning of the system. In terms of constitutional law this could be achieved by establishing the jurisdiction of the Federation within the limits of international relations, national defense, finance, and the unified market.

International relations and national defense are the conventional attributes of states, and there is no other decision that could be reached by agreement without jeopardizing the statehood of Yugoslavia. Finance is the foundation of the economic functioning of the state; without it one cannot imagine either the first two powers, nor the unified market. The unified market implies a very complicated interweaving of legislative interventions. However, this power over and above the nationalities does not signify any unitaristic solution in this area. The European Economic Community makes decisions by majority vote on issues related to the common market. As is well-known, that community is not a state, much less unitary!

Decisions on all matters within federal jurisdiction would be made by majority vote (simple or qualified) and would be carried out directly by federal authorities, with reasonable assistance and cooperation from the federal units.

STUDENT: You also have a proposal for another possible solution as to the constitutional arrangement of the Federation?

Stojanovic: If under the present conditions of unanimity it is not possible to make the optimum decision to rearrange the Federation, it is possible for all the republics to remain in the confederal community and to do so in accordance with the "basic principles" of the 1974 Constitution. When I say the "republics" I am referring to Serbia as a whole (federally organized) in confederal relations with the other republics of Yugoslavia. I think that this kind of solution is possible for the other republics as well. That is, those which favor a federation would be linked to one another by federal ties and would make up a federation that would enter into confederal relations with the republics which [do not] favor federation. This would be a completely new arrangement unknown up to now in the history of government and law. However, it does not contradict the theory of government and constitutional law. The federation is a state, and a confederation is a league of states. That is, it is possible for a federation to enter into a confederation as a state with other states.

STUDENT: In what way is it possible to adopt the decision on constitutional changes in the arrangement of the Federation?

Stojanovic: We can hardly suppose that in the decision-making mechanism (unanimity) a decision can be made on changes that would narrow the sovereign power of those exercising it in republics. No case has been recorded in history when anyone gave up power "on the basis of agreement following discussion." Power can be gained or lost only through democratic elections or—by force. We have to be aware of the fact that no state has ever been dissolved peacefully. We have to be aware of Yugoslavia's international environment. Yugoslavia has neighbors claiming parts of its territory. Moreover, we are in Europe, and the boundaries of its states are guaranteed by the Helsinki Accords. Any change would necessarily evoke intervention of foreign powers into the Yugoslav question. There remains to us a legitimate and democratic way of defining ourselves reasonably enough in the face of the uncertainty from the external environment: THE REFERENDUM.

Referendum or plebiscite? I think what it is called is not essential. The essential thing is for the nationalities of Yugoslavia to democratically commit themselves to Yugoslavia as a common state for the first time. I know that it is painful to speak this way after so much blood has been shed precisely for Yugoslavia. But we must be aware that plebiscitary commitments for the shedding of

blood are not always enough in peacetime for them to be wisely cast in the form of a political community of everyone making it up. The greatest friendships are engendered between individuals and peoples in wartime, but also the greatest enmities. When peace comes, then new interests emerge from relations among fellow fighters in the common calvary who until yesterday were close friends and comrades. The time then comes when courage and willingness to sacrifice have to be replaced by wisdom and willingness to respect the interests of others. Up to now this has been best achieved in history through the democratic process of reconciling those interests in society and in the state.

The democratic decision of the people would have better prospects of bringing about a society and a state in which manipulation of the interests of the people by the political power would be minimal. The successful functioning of the system for the good of the entire society would...[line of type apparently omitted]...only definitively precluded, since no one would be able to successfully convince his nationality that some other nationality was to blame for the troubles he had had. This would be only a precondition for preventing interethnic conflicts. In time, constant concern and wise improvements of the system as well as improvements in its governance would contribute more and more to overcoming exclusivity more completely. Western Europe is today a strong argument for optimism along these lines. The Germans and the French, sworn enemies until yesterday, are joining with others in creating the united states of Europe. Let us be thinking in those terms as well!

A Constitution Is Written by Politicians

STUDENT: What in your opinion should the new constitution look like?

Stojanovic: The new constitution would have to be brief and clear, and the norms stated in it abstract, i.e., applicable to everyone. From the technical legal standpoint the 1974 Constitution is largely incomprehensible, since there are sentences that run to even more than 100 words. I think that no one can even understand a sentence running to more than 100 words, much less apply it. The text of a constitution should above all be a legal text, clear and lucid. The constitution must make it possible for every citizen to appeal to it when he feels that his constitutional rights have been threatened.

Our Constitution contains a number of utopian provisions which really serve no purpose at all. A citizen cannot file suit against the state for not withering away. So, the constitution must be a legal text, and as such it must be the basis of people's rights and duties, of the institutions and the juridical persons that make up society. The withering away of the state is a political program and ideology, and in legal terms it can be regulated by creating such obligations of the state to wither away.

STUDENT: Legal specialists have frequently been criticized and blamed for the deficiencies of our constitutions. To what extent is that criticism warranted?

Stojanovic: It is certain that there is a basis for that criticism of legal specialists, who have taken part in all of this, and that with respect to the professional competence of those people and also with respect to their ability to resist the demands of politics. Of course, there is also something else here, and that is that the legal specialists have also expressed at one time or another their own criticism of constitutional and legislative texts, but the politicians paid no attention. A number of things which cannot be taken hold of and dealt with in legal terms play an important role in political processes, but still there has to be two-way communication between politics and law, just as there must be between politics and science, production, and society as a whole.

STUDENT: Scholarly debates about the 1971 constitutional amendments had no impact at all on the constitutional changes of that time. How do you explain that?

Stojanovic: At that time the balance of power was probably such that rational judgments could not overcome the situation in which irrational judgments, ideologized moreover to the extreme, were dominant. That balance of power was not susceptible to rational judgment, since that was the time when a serious social and economic crisis was beginning. Given that situation, one could not have expected opinion based on present-day legal and political thought to have prevailed. What was bad at that time is the fact that the politicians responded by repressing the positions of the scientists that were expressed at that time. To a large extent this put a practical limitation on creativity in this area. After that, people held back and said nothing for years. And sad things happened; people who had criticized the 1971 amendments spoke in superlatives during discussions of the 1974 Constitution. That resulted in a visible restriction of creative work in these fields, and this inevitably led to decline and a slowing down of social development and crisis situations in society.

STUDENT: Did the repressions at that time also have an impact on this conference which has just concluded?

Stojanovic: I personally think that the consequences were felt. I know people who at this point did not want to say anything about the new constitutional amendments since they were deeply disappointed by what happened in 1971.

STUDENT: Were there enough new proposals this time at the conference so that they might contribute to our arriving at better constitutional arrangements?

Stojanovic: Yes, since by and large everything was presented that ought to be undertaken for us to arrive at a constitution that would better suit organization of the Yugoslav state.

STUDENT: What do you think, what will be the fate this time of the proposals made by the scholars and presented at this conference?

Stojanovic: This time politics cannot close its eyes and ears to those who come from the discipline, from science, and from society. If, after all, it does happen again this time, then I do not have hope of our getting out of the crisis rapidly.

STUDENT: Legal specialists from Vojvodina were the only ones who did not participate in the conference....

Stojanovic: The comrades from Vojvodina know why they did not come. Not as many came as were invited from the other republics, but it is a good thing that they did take part. However, it is not good when scientists do not agree with one another. It turns out that the scientists take the position taken by the political leadership of their respective republics and provinces. And when that is the case, then it is better for the scientists not to take part in discussions, since the politicians are sufficient.

STUDENT: In whose speeches was this felt the most?

Stojanovic: It was felt in speeches made by the comrades from Pristina and in that of Ivan Kristan from Ljubljana.

Inflation of the Law

STUDENT: Some of the intellectuals from Kosovo thought up the formula "constituent element" and in the seventies agreed that the socialist autonomous province should not be proclaimed a republic. Does that make our provinces the only ones in the world which at the same time are both administrative autonomies and a constituent element of a federation?

Stojanovic: I do not know what the background of this is, there are no documents, and I have no intention to say much about it. I think that this is the result of a political struggle at this point. I only know that it is written somewhere that Mika Tripalo said in Pristina: "We will squeeze Serbia into the Belgrade Pashalik!"

Accordingly, if the forces which wanted that prevailed, that is the kind of decision we got.

STUDENT: Is Yugoslavia a legal state in the full sense of the word?

Stojanovic: It is difficult to define clearly the concept of the legal state. I can only tell you my opinion, which is that a legal state is not only that state in which actions are taken solely on the basis of law, since it was Montesquieu who said: "There is no tyranny more cruel than that which is based on the law." The conclusion follows that if the laws are no good, if they do not correspond to justice, fairness, and the values accepted in society, and if they are not the result of a meeting of minds. That is, if the laws are not consistent with the values created and

accepted in society, then at best they will not be applied, and at the worst they will be the basis of repression. A legal state would be that state in which laws created on the basis of justice and fairness are respected. If the laws are not of that kind, then that is not a legal state however much they might be respected.

We today have a hypertrophy of legal enactments. We have a multitude of laws and legal acts of which no one in Yugoslavia is sufficiently competent to be able to say: "these laws are in effect, these are not, and these have been rescinded in this or that segment, while in this other segment they are valid." The legal inflation has resulted in ineffectiveness, and legal ineffectiveness is a real obstacle to achieving a legal state.

If in our country acts are possible which violate the Constitution itself and are committed by the government authority, then this is another element which indicates whether Yugoslavia is a legal state or not.

Third, I will cite to you an ephemeral example which only seems to be so. We in Serbia have a law prohibiting the slaughtering of suckling pigs. Anyone who knows anything about relations in our society is aware that this law will not be respected. Unfortunately, we also have very important and serious laws, laws embodying the system, which have been adopted and yet no one has respected them or carried them out. Things like that do not contribute at all to constituting a legal state. Accordingly, one would have to be very bold to talk about a legal state and to say that we have achieved that level.

STUDENT: Information technology, communication technology, and microelectronic technology have been making great innovations in the functioning of society. One of the things you have been studying is the impact of cybernetics on organization of the political system. What would it look like if we applied the basic principles of cybernetics to Yugoslavia?

Stojanovic: Cybernetics is a system of knowledge about management and maintenance of a system and about its linkage to the rules that operate in a social environment. Only within that framework is it possible to measure a system's ability to organize and arrange relations among the components and elements making it up as well as its external relations with the environment around it. Every system issues messages and receives information which after checking the real effect (feedback) it uses in finding new solutions so as to guarantee security, stability, and progress, and to avoid entropy (disorganization).

The basic principles of cybernetics have been applied to all managed systems from the automatic pilot of an aircraft to "the state, the army, and individual human beings." Every managed system must have a decision-making center, a hierarchical relationship, and then the system must be decentralized and must have regulators which respond immediately if information is lacking or is inadequate or erroneous. To apply the basic principles

of cybernetics to Yugoslavia we must first determine whether we consider Yugoslavia a system or not. This is not a commitment either to unitarianism or decentralization, centralization, a federation or confederation.... I start from the premise that Yugoslavia is a system, and the federal units are subsystems. France and Germany are subsystems in the system of the EEC. There is no other way so long as Yugoslavia is a system, not a simple collection of systems added together. If the federal units are systems, then Yugoslavia would cease to exist as a whole. In comparing Yugoslavia to the EEC, my only purpose is to show that the fact that Yugoslavia is a system has nothing whatsoever to do with centralism, much less unitarianism. It has been said that every system is subject to disorganization and that a conscious effort is needed, that its management must always be vigilant to prevent that. We must agree that disorganization (entropy) in Yugoslavia has taken on rather fair proportions!

Yugoslavia's Disorganization

STUDENT: What is your explanation of that observation?

Stojanovic: First, when the economic crisis broke out, no one knew how large our debt was, from whom we had borrowed, and who owed how much. This is a clear sign that the quantity of information (degree of organization) was so low that no one could have acted to prevent the growth of entropy. This system, then, is so poorly set up that even the regulators did not operate!

Second, Kosovo—here disorganization (the lack of information) took on such proportions that we were even threatened from the environment (Albania) from which every system is frequently endangered. Kosovo's cessation would certainly result in a response which no one wishes—war. Regulators either did not exist in this case or they functioned so poorly that the "last defense" had to operate.

Third, inflation, and the government is taking measures against inflation without sufficient appreciation of the facts which it is receiving through reports from the subsystems and elements. Inflation is one of the serious signs of growing disorganization, but it need not result in disintegration of the system. It is just that better regulators are needed.

Fourth, Agrokomerc, which is a symbol of complete absence of information. In countries with a high degree of organization this could not happen, mainly for technical reasons. If a criminal conspiracy were created that would neutralize or avoid surveillance, then the legal system would operate without any exception whatsoever by order of any powerful person.

The fifth indicator is a legal system in which there are areas in which it is not possible to ascertain even the number of valid legal enactments, much less their application or the degree to which they correspond to reality. The dependence of the courts on the executive power or other government power is evident, and one cannot expect them to operate independently within the limits of their powers.

Quite a few other examples might be given of the causes and of the consequences of disorganization of Yugoslav society. The main cause of all this is that Yugoslavia's present political and constitutional system is organized contrary to present-day principles governing the organization of systems. Yugoslavia does not have a decision-making center for the most essential decisions, since the decisions are made in the centers of the subsystems. The hierarchical principle has been done away with. The Federation is not competent to carry out most of the decisions which it itself has adopted, but rather the federal units have jurisdiction. This has severed two-way communication from bottom up and from top down, which is neither centralism nor decentralization. It is cut off at the level of the opstina and the federal units. That is why the regulators (control) have not been effective; that is why the Constitution could be ignored with impunity. It would be hard not to say of such a state of affairs that it is entropy of the system.

STUDENT: You are a professor in the Department for International Law! Is Yugoslavia's prestige in the world declining and to what extent has this been influenced by the 1974 Constitution?

Stojanovic: I know from my personal experience that our prestige has been declining slowly. I have given lectures on all five continents, and I am certain that some 10 years ago, say, there was one attitude toward Yugoslavia, and today it is quite different. Many things have figured here. It is certain that our strange behavior within the country has contributed to this change. It is difficult to explain to people the entire decision-making mechanism in our Federation without their asking: "What do you think you are doing!?"

07045

GERMAN DEMOCRATIC REPUBLIC

Environment Minister Describes Flood Control Measures

23000081 East Berlin NEUES DEUTSCHLAND
in German 16/17 Apr 88 p 13

[Interview by Christa Lier with Dr Hans Reichelt, GDR Environment Minister: "Since Its Foundation, GDR Has Built Tight Network of Dikes and Dams"]

[Text] Dr Hans Reichelt, deputy chairman, Council of Ministers, and minister for environmental protection and water management, granted our colleague Christa Lier the following interview:

[Question] We in the GDR have about five weeks of flooding behind us. Days of danger and worries, but also days in which many thousands of citizens have proved themselves and lent a helping hand. Meanwhile the situation has become less tense. Can you give us a first summary?

Dr Reichelt: First of all, I would like to emphasize that ever since the GDR was established, flood protection has been the responsibility of our entire socialist society, the state organs, the economy and all citizens. For us, flood control measures are a matter we work on constantly, with circumspection and according to plan, in line with the decisions of the party of the working class and of the government and on the basis of the water law passed by the People's Chamber. They are a fixed component of our environmental policies. We work on them at all times and not merely after heavy flood damage. This primarily means the constant improvement of our flood control installations to make them more efficient and prevent damage. In so doing, both the state and the enterprises are involved in protecting areas that are threatened by high water.

Effective Protection of Many Towns, Villages, Enterprises, and Agricultural Producer Cooperatives

From the outset, our socialist state was concerned with providing increased social security for primarily those people who, for centuries, had been suffering from the ravages caused by flooding. At the same time, it was important to protect the development of our state-owned industry and socialist agriculture against loss and damage. Thus an entire network of protective installations has been put in place in the GDR's nearly 40 years of existence. In the mountain regions, where flood waters come from, we now have 272 dams, reservoirs and retainer basins, two-thirds of which were built after 1949.

Some 4,800 km of dikes and dams help protect the low-lying areas against flooding—about half of them have been rebuilt and raised in recent years—and 2,300 weirs and water engines, two-thirds of which have been repaired and built during the past four decades. All this

ensures increased protection for 1.7 million citizens in more than 1,070 towns and villages, for 560 industrial enterprises, 1,300 agricultural producer cooperatives (LPG) and 700,000 hectares of agricultural land as well as for gardens in flood areas. In the recent past, these measures have once again demonstrated their usefulness and our need for them.

Around-the-Clock Surveillance of Installations

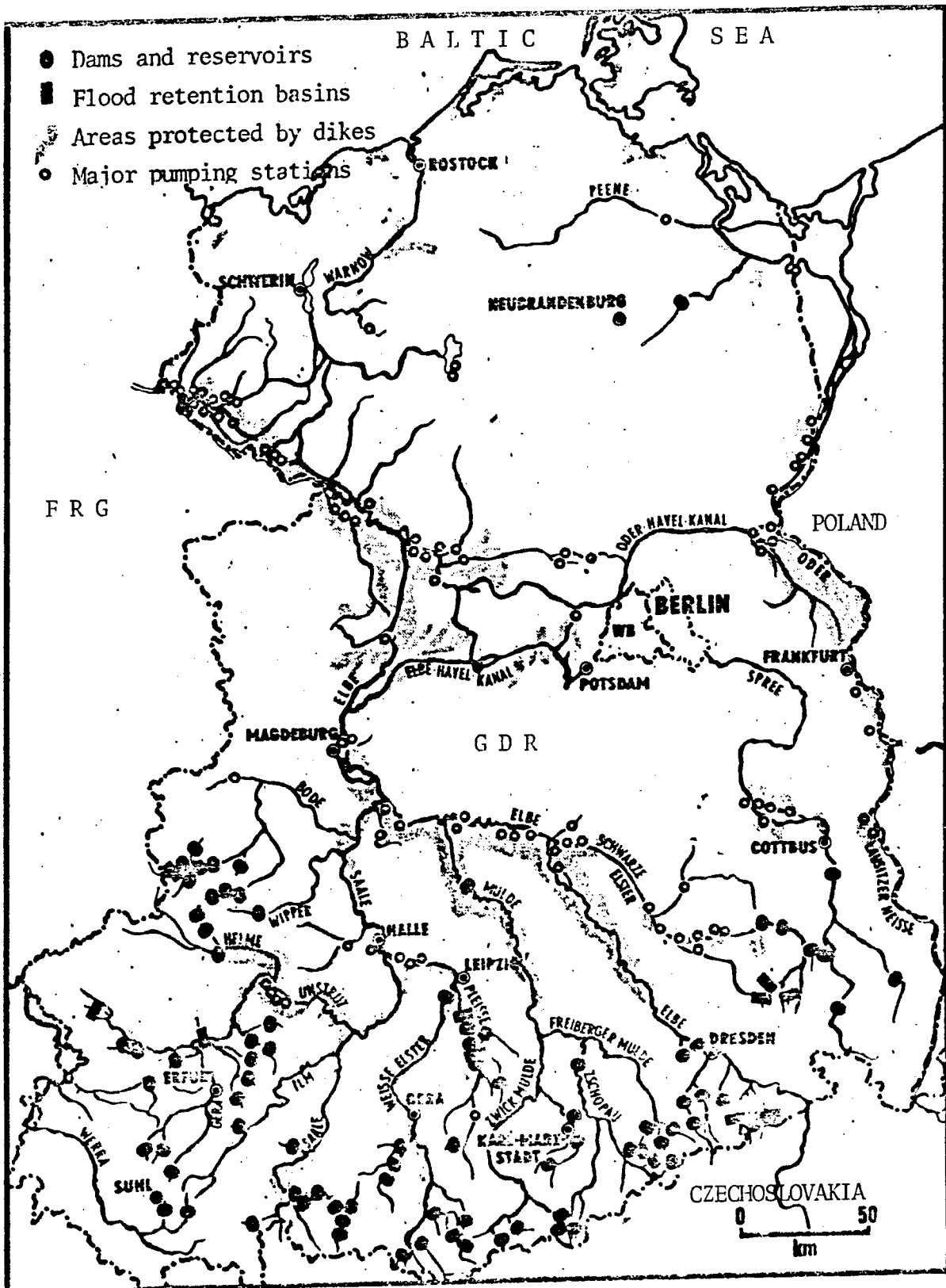
The comprehensive precautionary measures to ensure the unobstructed flow of flood waters, to ward them off and fight them, have shown that they are effective. Hence it was possible to keep people out of danger and protect the economy from major adverse effects.

For this we primarily have to praise and thank the diligent, tireless actions of thousands of citizens in our country. Besides many other people, water management employees, members of the National People's Army [NVA], civil defense, People's Police and fire departments, LPGs and soil improvement and forest workers as well as countless volunteers who, directed by the SED Bezirk and Kreis headquarters and organized by their local state organizations and commissions dealing with disasters, achieved great results.

A large number of them worked around the clock. They constantly watched the dikes, established communication links and set up lighting installations which made it possible to quickly detect danger spots, even at night. They filled and carried sandbags to, and repaired damage at, endangered dike sections. The villagers saw to it that the helpers were fed on location. Conscious of their responsibilities, company and cooperative workers took timely precautions to keep rivers carrying flood water from pouring the water into company and LPG production halls, buildings and storage facilities.

Some 24,500 people helped with this work for several consecutive weeks. Among them were primarily members of the NVA, boarder guard and civil defense as well as the employees of water management. They helped fill some 950,000 sandbags to raise the dikes and, above all, seal about 400 spots where seepages were occurring. It was the first time that helicopters and amphibious vehicles of the NVA transported these workers to the weak dike sections. It was done fast and without damage to the dikes.

With the help of microelectronics and modern radio and transmission techniques, it was possible to prepare—on the basis of new meteorological and hydrological findings—timely calculations and more precise forecasts of expected water levels, to alert our citizens through the mass media up to one week in advance and to make all preparations to prevent the threatened areas from being flooded.



What Caused the Flood?

[Question] What actually led to these floodings? And how do you assess them in comparison with other similar situations in past years?

Dr Reichelt: We have very conclusive facts. For a long time, the central and lower courses of the Elbe, Saale and Werra rivers registered the highest flood waters since the GDR was founded. They corresponded to a flooding that statistically could only occur every 30 or 100 years, respectively. In this century, the most recent high waters of the Elbe occurred in 1947 and 1920.

This time it was due to the large volume of snow. It equalled 2.7 billion cubic meters of water at the top and in the ridge areas of the lower mountain ranges in the GDR, 2.4 billion cubic meters at the point where the Elbe enters the territory of the CSSR and 2.9 billion cubic meters for the Oder where the river enters the People's Republic of Poland.

In addition, for 41 consecutive days, we had so much rain that the total volume of water was up to 2-3 times larger than what is normal for this time of the year, and this rain had caused the water levels of our rivers to be elevated even before the thawing period started. That affected all streams in the mountains and foothills, particularly the Werra, Saale, Unstrut and, later, the Elbe and Havel rivers.

Within a short period of time, almost half of all GDR Kreise were put on flood water protection alert. For several days, the water level of the Elbe near Bolzenburg was about 6.2 meters and that of the Saale near Halle 6.1 meters. This was the highest level ever registered for the Saale.

Yet, compared with earlier years when similar events took place, the damage from these floodings was very much smaller. Already in the areas where the high water originated, it had proved to be beneficial that, as a precautionary step, the dam capacity—which enables the dams and retainer basins to store 260 million cubic meters of high water—had been expanded by 100 million cubic meters through an enlarged flowoff facilities that were added before the thawing started.

In the plains, the effect was positive in that it was possible to utilize some 56,000 hectares of natural flood protection areas between the dikes as planned. In addition, at the Elbe, we have the Havel, Saale and Mulde river deltas, where a dam retains a considerable volume of water, thus preventing an even higher swelling of the Elbe. Unlike other countries, we have neither built up, nor leveled the natural flood areas. Instead, we have further dammed them in, put in efficient drainage and pumping plants and built weirs and dams. This enables us to flood these areas at certain times and then drain them later on.

Werra Riverbed Widened

[Question] Did such protective measures prove useful in other areas as well?

Dr Reichelt: Yes, another example of effective flood control is the Werra. In the regions around Meiningen, Breitungen, Wasungen and neighboring places, which in the early 1980's had suffered serious high-water damage, when the homes of thousands of citizens, buildings, production facilities and equipment were flooded, we have had no major damage in recent times.

Over the past 15 years, we built new storage facilities on the Werra banks. We constructed and raised dams, widened bridges and put in flood basins. South of Wasungen, for a 2 km stretch, the river was widened to 25 meters. By dredging the river bed, the Werra's high-water level at Wasungen could be lowered by about 1 meter.

Public shows at rivers, dikes and other water-management installations also have a preventive impact. For years, each spring and fall, more than 30,000 volunteer helpers in all parts of our country participate, under the direction of the mayors, in these controls. Thus, damage can be readily detected and repaired. In last fall's shows alone, some 2,200 requirements for improving the installations' operability had been set up and all were met.

Since the water law of July 1982 went into effect, flood protection in enterprises, cooperatives and institutions has been considerably strengthened. For instance, dams will be built this year in the low-lying areas to provide effective protection to lower-lying electrotechnical and heating plants, storage facilities, silos, stables and other buildings. This will help prevent production losses caused by flooding.

Danger Resolved, but Much Work Remains To Be Done

[Question] At the present time, many citizens are hard at work to clean up the damage wherever they can. How much time will it take to complete this job?

Dr Reichelt: With slowly sinking water levels of our rivers, we are currently trying to determine the damage our water management and transport facilities have suffered in the flooded areas and to repair it as fast as possible so that they become once again fully operable. That, in particular, includes damaged dikes and dams and the reinforcement of dikes, where seepages had been temporarily plugged in a hurry. Dam repairs will continue. For these and numerous other flood control measures, some M 360 million have been earmarked.

The state and water management bodies are responsible for learning and gaining experience from these floodings so that they can improve their operative-tactical documents, replenish their supplies of protective materials and overhaul their operational techniques.

Many helpers already have assured us of their assistance, e.g., 4,000 citizens—including many members of our civil defense—in the Erfurt Bezirk, who want to work at the Ilm river. Other citizens are helping in the "Join Us" initiative by pumping out basements, digging graves, planting banks and helping with sewer construction in their villages or towns. To swiftly drain the surface water from farmland, LPG farmers, assisted by many water managers, are concentrating on constructing and maintaining inland canals and drainage installations as well as on building new soil-improvement equipment.

All of this is new evidence that, in our country, flood control measures are the concern of the entire society at all times, not merely during days of danger.

07821

HUNGARY

Roundtable: 'Many Red Lights' Hamper Enterprise Independence

25000150b Budapest NEPSZABADSAG in Hungarian
26 Mar 88 p 5

[Text] "A talented overseer of legality may harass an enterprise to the point that every internal enterprise rule assumes a military character as it is prescribed in more than 100 pertinent rules and regulations having the force of law." [These are promulgated by the ministries in the form of decrees or orders having the force of law. Hereinafter: "rules" or "governmental rules."] I read these, and even some harsher words in a Hungarian Economic Chamber case study report concerning factors that limit enterprise independence. The report views, over-regulation, the detailed influencing of enterprises as the particular factor that substantially diminishes the scope of rational decision-making.

It is on the basis of this report that we decided to invite to our roundtable two persons representing enterprises and entrepreneurs. These are Dr Adam Angyal, president of the Ganz Danubius Ship and Crane Works, member, Hungarian Economic Chamber presidium, and leader of the committee that conducts case-by-case examinations; and Peter Simsa, president, Vertikum small cooperative, and also president of the National Association of Entrepreneurs. We also invited four leading representatives of affected ministries: industry state secretary Ferenc Horvath, deputy minister of commerce Imre Dunai, deputy minister of justice Dr Ferenc Petrik, and deputy finance minister Bela Varga. Laszlo Szabo represented our editorial office.

[NEPSZABADSAG] I have in my hands an eight-page summary report prepared by the committee headed by Adam Angyal. It contains a great many examples for overregulation. Please recite a few examples directly to those involved.

[Angyal] Here they are. While the enterprise law authorizes business organizations to formulate their internal order of functioning, on the basis of various rules we must establish 17 functions even if we do not need those at all. Rules require the establishment of various committees, e.g. technical-technological, work competition, credibility-censorship and cultural committees—shall I continue? And a governmental rule requires an enterprise to establish rules and regulations for internal control, investments, welfare and culture, and for the support of work competition and of residential construction, the regulation of the use of one's own personal car, and regulations for document handling, innovation, petty cash, accounting, cost accounting, pricing, inventory, product rejection, computer technology or defense. Meanwhile one must also prepare separate structural and functional rules, as well as collective agreements! The contents of these internal rules and regulations are defined in more than 100 governmental rules....

[Dunai] I'm working in the field of foreign trade, within the Ministry of Commerce. Even from my vantage point it seems that in most instances when we are unable to resolve something through economic means, we hand the problem to lawyers—let them settle the matter by promulgating a rule. Thus we continue pushing the cart laden with economic problems in front of us.

[Varga] In reality, overregulation reflects uncertainty, which then ends up in over-insurance in the form of rules.

[Petrik] As long as we discuss enterprise independence, we must not stop our discussion at the bouquet of superficial phenomena gathered by Adam Nagy and his associates. We also must deal with the fundamental issue of ownership, in other words: who directs and who controls an enterprise and how. There is no enterprise in the world which is not directed and controlled by someone. It makes a difference, of course, how that direction and control takes place. In Hungary the care, the attention exerted by the good owner is being simulated in the framework of rules, and within those, though methods of direction and control. It is this feature which does not stimulate the prevalence of market rules.

[Angyal] We described the formula as a result of this examination. We too discovered that the large number of rules is a consequence of unsettled proprietary issues. These rules are issued on behalf of the state by various ministries, superior authorities, and organs having a national scope. I am aware of the ideological confusion concerning proprietary conditions. I believe that proprietary entitlements related to the state should be entrusted without limitation to those who physically operate the property.

[NEPSZABADSAG] Including the sale of that property? In other words, one could sell state property like social property to anyone?

[Angyal] The right to operate, yes. That would leave the state's ownership undisturbed.

[Varga] If you sell a unit of Ganz Danubius—it makes no difference if you sell only the right to operate that unit—let's say to a future corporation and you have received some compensation, then I can hardly imagine a situation in which the corporation would continue to have a say in the matter, unless the state remains a majority shareholder. I would rather talk about a right to operate—the mobility of that right to operate.

[Angyal] Okay. But if I operate a state enterprise, I should have the authority to operate that enterprise in the same manner as if it were actually my own. This is one of the things. The other matter is that after-tax profits, that certain material advantage, should be accrued to the company which operates that property. In other words, the only way the proprietary right, i.e. sharing with the state, should prevail is in the form of taxation. This is so because interference in operations by someone else than the rightful operator takes us back to the point where we are today, namely: the exercise of ownership rights also by the enterprise council, as well as by the Finance Minister and others. Under these circumstances no one represents real ownership interests. And one should not be concerned about someone manipulating the great state property into private hands, because even if we dissect say Ganz Danubius into shares, a majority of the shares could remain the property of the state. At the minimum a limit should be established by which a majority of the shares is at the disposal of society.

[NEPSZABADSAG] Indeed the enforcement of the state's will cannot mean interference with enterprise management. This is so especially because if we want to make the state's economic management function more effective—so that business organizations may work more successfully—one must permanently part with the idea of management having a regulatory character. This has proved itself unsuccessful already.

[Simsa] I am concerned about after-the-fact regulation, not only with respect to economic regulations, but regarding all retroactive rules which brought the workings of small enterprises to a halt. The amount of assets accumulated by small enterprises is so large that neither the political sphere, nor the economic sphere knows what to do with it. Therefore they are trying to tap those assets retroactively. Enterprising is impossible under such circumstances, however. Some limits ought to be set in advance as to how far assets may grow. Otherwise the result is uncertainty.

[Petrik] We mentioned stock corporations before. We would need a kind of a proprietary organization, particularly with respect to various forms of social property, which not only has financial interestedness, but also assumes financial risks all the way to the collapse, up to a point where the operator of those assets may collapse

financially if the decision made was inappropriate. I am stating this because I feel that Adam Angyal and company is looking for a kind of independence which is not supported by accountability.

[Horvath] I think that we ventured too far from our topic. We should be examining the present situation. In other words, we should examine how that certain enterprise independence and overregulation looks in light of the self-governed proprietary idea, along with the presence of enterprise councils. I am suggesting this because I feel that the concern has merit.

[NEPSZABADSAG] The concern has merit, despite the fact that barely four months ago, in December, the National Assembly framed a substantive law whose main thrust was to make our code of laws understandable, and to limit rule-making processes so as to respond to necessities.

[Horvath] Yes, in the long run this too can help create order. Nevertheless this is not of the essence. The internal force to manage enterprises has gaps, and we are trying to establish that force from the outside, through external conditions. The trouble is that a large part of the market is limited, and therefore only part of the market mechanisms exerts its effects. What's left is the promulgation of rules. In my view a good partnership form would very well fit into the conceptual system of social property. And if the opportunity for partnership assumes an appropriate general character, along with stronger market conditions, we will have taken a major step in the direction of eliminating ministerial influence upon the operation of enterprises, as it is today. No one can be serious talking about narrowing the relationship between the state and the units of business so as to encompass taxation only. This would mean that as long as an enterprise paid its taxes, it could do whatever it wants to do. I am saying this regardless of how directly Adam Angyal expressed this idea.

[Petrik] I would like to finish this line of thought. What happens to the property if it gets into the hands of a partnership? This is one of the chief topics of debate in our days. There is no leading viewpoint yet, on the other hand it is beyond doubt that great interest is shown in partnerships. Certainly it will be necessary to expand the categories of state property and the property of collectives, as two forms of social property, by adding a third category: partnership property. If the social property character of partnership property can be conveyed appropriately within this type of property, I am convinced that broad segments of society will accept that form and will not be concerned about society becoming capitalistic. Because there are such fears also.

[Dunai] My problem with the material examined is that it assumes a kind of independence, a degree of freedom and a market mechanism that existed a hundred years ago under capitalism. If we take a look at developed

capitalist countries to see what means they use to influence corporations, one finds that with a few exceptions, capitalist countries use all the means we use. In addition to very strong tax policies, they are promulgating very stringent rules in relation to customs, interest rate and reserve policies. They devalue and revalue their currencies, directly interfere with pricing, in a number of areas they maintain domestic prices above world prices, moreover, they also utilize expressly administrative limitations. Shall I mention NATO's 96 page COCOM list? Or here is something else: for years, a capitalist firm had us produce its seed-grain. At present, the government of that firm prohibited the firm to make its purchases in Hungary, without providing justification. It forced the firm to purchase seed-grain from local producers, even if their prices were higher. I mentioned all this only to show where the limits of Adam Angyal's ideas could be. True, the above-described means are based on a functioning market mechanism. In Hungary it is based on a simulated market. What really should be examined to an greater depth is the excess of rules in the framework of the confrontation between the simulated market and the applied [regulatory] means, which prevents enterprises from prospering.

[Angyal] I accept your statement. Our study would have been much more interesting had we shown the excesses of limitation, and things that function the same way in Hungary as they do in market economies, including capitalist countries. This is the weakness of our report.

[NEPSZABADSAG] I'm not certain whether you should excuse yourself. After all, just by looking at the report one finds that a horrible mass of rules weighs down the business sphere. Not to mention what is true: a multitude of rules establish retroactive obligations—I am referring here to Peter Simsa's words—obligations which could not have been foreseen by business organizations, and then, all of a sudden a legal decision interferes with their plans, bearing financial consequences most of the time.

[Varga] I agree with Adam Angyal's group in that enterprises should be able to make substantive decisions regarding their own affairs, including organization and profile, and the right to make market choices. I disagree, however, with the enterprises' view according to which every rule represents a limitation. Part of the rules—through decrees and orders promulgated at various levels—endeavor to establish an appropriate economic environment. Another part of the rules conveys the preferences and non-preferences of economic management. Accordingly, the way I see it, a decisive part of the rules provides orientation with respect to conduct, and then there is a large number of rules, which hinders substantive enterprise work. I do not argue with that.

[NEPSZABADSAG] The point is, however, that Adam Angyal made reference to the fact that in Hungary the ministries, through rules, interfere with the financial activities of enterprises, and thus with enterprise management.

[Varga] I believe that before soon this kind of interference will no longer be part of economic management. This year our ministry is going to review its entire legal framework pertaining to finances. If we are able to produce two more laws like the one governing personal income tax and the other the value-added tax—in other words, if we can produce laws governing entrepreneurial taxes providing unified conditions for every entrepreneur, and if there comes about a law governing partnerships, then, enterprise management will have received a framework that would incredibly increase the enterprises' sphere of action and independence.

[NEPSZABADSAG] How does the Ministry of Commerce view this?

[Dunai] I believe that insofar as foreign trade is concerned, regulations will become simpler already this year. We introduced a few automatic mechanisms which would increase enterprise independence. The statistics of the first two months suggest that we have succeeded in establishing more modern regulations.

[NEPSZABADSAG] Most enterprises fall under the Ministry of Industry. How do you view the issues of central direction and enterprise independence?

[Horvath] As the economic conditions for enterprise independence come into being, so will the directive character of management diminish. The concern raised by [central] direction and influencing is not based on the legal character of such action, but on its contents which are of a regulatory rather than an economic character.

[NEPSZABADSAG] Most likely this is the essence of the matter.

[Horvath] Quite naturally, one must continue to regulate part of enterprise life through the exercise of authority also in the future. And insofar as control is concerned—control as a form in which “interference” emerges—our ministry believes that in regards to self-governing enterprises we exercise supervisory control within the limits of legality.

[Petrik] In the life of our society most areas are overregulated, and this is mostly true regarding the economy. Strengthening legality, as an essential element of political institutional reform, will counteract the trend by which a multitude of rules is promulgated. But it is equally necessary for enterprises not to view natural rules as limitations. If I must stop with my car at a red light for the third time, I cannot say that this limits my independence, even though I must stop and wait, even though I was in a great hurry. Insofar as laws promulgated by the cabinet are concerned, we must insist that rules do not state what enterprises must do, but rather what the law intends to prohibit. Our present system is not responsive to this concept.

[Simsa] I am more skeptical than that, and therefore I would backtrack a bit. At a certain point in time economic reform had its beginnings. We now must continue with that reform. But as long as the state structure remains unreformed, one can hardly continue with a new economic reform, because that new economic reform would have to be molded into the same fiber.

I can sense and see how the cabinet's intent breaks down in the context of practical actions taken by ministries and officials. I accept the fact that there are red lights and that one must stop. The question is though: how many red lights must there be, and how those red lights are synchronized. Because if there are too many red lights the result is gridlock.

[Angyal] It will hardly suffice if the prime minister declares that "the future of the Hungarian economy depends on the efficiency of Hungarian enterprises," while at the same time there appears a decree which does not increase the enterprise's sphere of action, but serves to act against such an increase. Here is the latest example which caused quite a stir: the Hungarian press presented numerous reports concerning prohibitions to purchase imported technical goods valued at more than 25,000 forints. There were many arguments against the idea. One point, however, was not argued. Who dares to tell, and on what basis, an enterprise what goods the enterprise can or cannot purchase in a shop? I will say this quietly: this is a typically unconstitutional governmental rule.

[NEPSZABADSAG] My profession obliges me to turn up the volume when I hear the voice of the weak. But who are the weak ones in this case?

[Horvath] You should turn the volume up a bit when you hear us talking...

[Angyal] It would not hurt to turn up the volume for us either.

[NEPSZABADSAG] Let's have confidence. Reorganizing, and making the governmental sphere more efficient, the clarification of problems in regards to proprietary relationships, and the resolution of those problems mainly as a result of corporate law, will have helped to simplify legal direction, and will have provided a greater sphere for enterprise and entrepreneurial independence.

[Simsa] Also in my view, the most important task is to clarify fundamental principles of economic functioning. Within that, assets, and the management and distribution system for assets are most important. The other important matter pertains to the reduction of the extraordinarily large state apparatus, and mainly the redefinition of the role of the apparatus, simply because what we have today has run aground. I know that something has started already, but we are only at the very beginning.

[Horvath] All the matters we have discussed here are also political issues. But let us also state that concerns may be raised when we seek interest-stimulating solutions resulting from the rearrangement of proprietary relationships. The concern is whether we will indeed find the most effective forms of property utilization, forms that fit into the social and socialist system of values. I believe what we have heard indicates the complexity of pathfinding; within that, we discover how difficult it is to find societally acceptable conditions and dimensions for the rational utilization of personal and private property. But the need to provide a correct answer is unavoidable from the political, the scientific as well as the practical standpoints.

[Varga] Beyond what has transpired here, the most important task in my view is the establishment of predictability with respect to steps taken by central management. And something else. Societal control, democratic control must be very stringent—let us debate to the point that rules are being promulgated, but not thereafter, and then implementation of those rules shall also be enforced without mercy. Today we are witnessing the opposite situation. We barely reach the stage of decision-making and we already search for what is going to be new, and bombard the existing rule.

[NEPSZABADSAG] Most likely we will have to comb through the entire system of control. We must change it so that it becomes responsive to modern social needs, including the economic circumstances. It should be more like a signaling system and not a "court of inquisition."

[Petrik] I disagree with Peter Simsa when he says that the present structure has totally ran aground. We are in the midst of a reform process which began with the reevaluation of the National Assembly's role. I do not believe that the historic significance of this reevaluation concerns only the framing of laws. It also influences the modernization of the cabinet's work-style. Public administration and the administration of justice are also subject to reform, and it is the determined intent of the cabinet to establish constitutionality within the economy. This means that we will redefine at the constitutional level the fundamental proprietary issues, the right to enterprise, and the responsibility of enterprises, and that when we accomplish all this there would come about an institutional system which provides assurance for the realization of all these things.

[NEPSZABADSAG] Considering the force of this debate it appears that we are dealing with some heavy issues—with the future, indeed. It would be hard to decide which debating party was the weaker one. But there is no doubt about the fact that we must turn up the volume on both sides. Healthy debate can eliminate obstacles and falsehoods from the path to be followed, in the interest of society as a whole.

POLAND

Lack of Market, Inflationary Structure of Economy Bemoaned

26000257a Warsaw ODRÓDZENIE in Polish
No 10, 5 Mar 88 p 6

[Interview with Assistant Professor Wladyslaw Szymanski, economic theorist, by Stanislaw Mienkowski: "Strolls With Dr Szymanski: Medicine for a Collapse"; date and place of interview not given]

[Text]

[Question] I have the impression that you consider the success of the reform efforts to depend mainly on the achievement of equilibrium. Why?

[Answer] Is it possible to return to health without identifying the sources of the disease and eliminating its symptoms? The same is true of the economy. Disequilibrium is something like a far-reaching collapse.

[Question] Why is this a cause for an outcry? For over 40 years we have lived with shortages, but somehow everything has kept going.

[Answer] As long as extensive methods of economic management were still possible. Now we are reaping the fruits of that same policy.

[Question] What does the lack of equilibrium threaten?

[Answer] You can see that with your own eyes. It threatens what can result from the chronic lack of rigorous verification of the work of enterprises directly by the customers themselves. Disequilibrium means renouncing the pro-efficiency selective function of the market; it means a lack of real prices and credible cost accounting; as a result, it means a lack of real responsibility for the results of one's work. In this situation we cannot be surprised that we are losing in international competition and that there is so little innovation from below.

[Question] But producers and suppliers—who as a rule are monopolists—glory in such a situation, and on the other hand, are as afraid of a normal market as the devil is of holy water.

[Answer] Are you surprised? A starving market gives them the comfort of certainty. It is just that we are paying a terrible price for it—low supplies, a deluge of junk, high prices, a tremendous waste of raw materials, energy, and human labor, and tolerance of production for the sake of production. At the same time, we should remember that such an enterprise benefits as a supplier, but is simultaneously a customer and bears the consequences of poor supply. Thus, on one hand, it does not

have to be efficient, and on the other, irregular deliveries, a poor selection, and the low quality of the means of production delivered make it difficult for it to be efficient.

[Question] The lack of an efficiency mechanism, the tolerance of cost prices, and above all tremendous wastefulness (in 1987 the value of low-quality production was 40 percent of the national income!) are the reasons why we do not have a market.

[Answer] And that is our misfortune.

[Question] Then why don't the experts finally say, "Let's not get carried away by the appearances of reform. There will be competition when there is equilibrium, and there will be equilibrium when we build market socialism."

[Answer] After all, we are breaking away from the Stalinist prescription for a model of socialism, which was equivalent to ignoring many system-independent economic laws. Capitalism has adopted many characteristics of the socialist system (elements of central planning and worker self-management, state interventionism, and the protection of individual social groups), while we should not reject whatever contributes to economic efficiency.

[Question] Let us go back to our reality, however—to cost prices instead of equilibrium prices (in such a situation inefficiency and wastefulness can easily be passed on to the customers), to workers clamoring for wages, and to planning under pressure from emergency needs.

[Answer] You have only touched upon the tip of the "iceberg." Costs resulting from general disequilibrium are not borne by anyone other than society, since it is the one that pays for low efficiency, disruptions in the allocation of the factors of production, unwanted and low-quality products, a tremendous waste of time, speculation, and social demoralization.

[Question] Disequilibrium is not just a matter of goods.

[Answer] Obviously not. It would be a great simplification to reduce the satisfaction of human needs solely to statistics on goods and services. The conditions for acquiring them are also important. When there is a shortage, central regulation comes into play, and the pressure on group/branch privileges grows. With chronic disequilibrium, the claims made on the authorities increase, antagonisms are intensified, and all decisions become political in nature. The situation is paradoxical: in other countries matters are rapidly settled by the market mechanism, while in our country the government has been struggling for years with them.

[Question] We have said a lot about the symptoms of disequilibrium, but not a word about its causes, I think.

[Answer] There are many of them. I see the main reason for disequilibrium, however, as being the inflationary structure of the economy. The high material-, raw material-, energy-, and transport-intensiveness, the high consumption of energy and materials for a unit of national income, creates pressure for investment in the raw material and energy sectors.

[Question] In short, the raw material and energy sectors, inefficient and long-term investments, are still being favored.

[Answer] Unfortunately. In this manner, not only are the raw materials, financial resources, people, and foreign exchange which should go to the pro-market branches being taken away, but there is also a shortage of investment funds for modernization. The vicious circle of inefficiency, which is closely connected with inflationary pressure, is due to this. Disequilibrium, however, is also suppressed inflation through excessive expenditures for wages, accompanied by interference from above in the price mechanism.

[Question] I think that a great deal could be blamed on parochial forces and interest groups.

[Answer] I will not dispute that. Postwar experiences, and not just the struggle for reform in recent years, indicate that the raw material and energy lobby (with close ties to the authorities) has preferred dynamic growth to equilibrium, and still does. Investment outlays have become a goal in themselves.

[Question] To a considerable extent, however, the responsibility for the state of current disequilibrium lies with the financial system. You will not deny that in our country difficulties have been possible with everything, but never with money.

[Answer] For a simple reason: the plan has not been based on money, but the other way around. The actual fulfillment of the plan determines the amount of money functioning in the economy. There has not been any responsible restraint (the bank is not autonomous) that would restrict the issue of money, impose limits on the creation of credits, or even limit the expansion of the state budget. From this standpoint and others, the financial system has turned out to be full of holes and incapable of weeding out the inefficient. On the contrary, the budget and the banking system have even sheltered the weak and crippled the strong, acting like a suction pump, drawing the economic surplus from some and strengthening others with contributions and subsidies.

[Question] What, then, should be done in order to limit disequilibrium, first of all, and then eliminate it? I know that the RK PRON [National Council of the Patriotic Movement for National Rebirth] Committee on Reform

and Economic Policy, which you head, is working on this, and that its work is to culminate in a report which is being prepared right now.

[Answer] In the first place, it is necessary to break away from the expenditure-intensive and inflationary structure of the economy. During the period of reaching equilibrium, with a lack of autonomous mechanisms for weeding out the inefficient, it is necessary to conduct that weeding out through economic policy.

[Question] Is it just a policy, though? What about systemic changes?

[Answer] Actually, equilibrium should be viewed as a mechanism continually operating in favor of equilibrium. Such a mechanism should be equipped with a lock that will prevent it from withdrawing from the state of equilibrium once it is reached. This requires subordinating monetary and credit policy to rigorous economic requirements.

[Question] I think that changes in the mechanism should not be seen as solely pertaining to finances.

[Answer] The mechanism promoting equilibrium is the establishment of the pro-efficiency allocation of the factors of production. This requires removal of the economic and administrative barriers which have prevented producers from reacting to the level of profitability. This is associated with liberalization on the part of the parent organization, ease in changing the structure of production, autonomy in undertaking investments, entering into partnerships, etc.

9909

Export Enterprises Fear Financial Losses With New Regulations

26000257c Warsaw TRYBUNA LUDU in Polish
4 Mar 88 p 3

[Article by Jan Markusz: "Exports: Incentives or Restraints?"]

[Text] At the headquarters of the Polish Chamber of Foreign Trade [PIHZ] in Warsaw, the directors of several dozen foreign trade organizations and institutions producing export products met on 3 March with representatives from the Ministries for Finance and Foreign Economic Cooperation. The subject was "The System of Incentives for Exports in 1988," or, more precisely, the latest financial and economic decisions affecting in particular restrictions on exporters' privileges.

"The resolutions of the highest party bodies," stated Jerzy Stopa, the vice president of the PIHZ, "have expressed many times the need to strengthen the economic instruments for stimulating the development of profitable exports. Meanwhile, some of the modifications implemented recently, especially in the benefit

system and in the area of enterprises' self-financing of imports requiring foreign exchange, can arouse justifiable fears about whether we are really heading in the right direction. It appears from the statements by enterprise representatives that these fears are not groundless."

Czeslaw Dryja, the director of the Polon Electronic Apparatus Plant in Warsaw, called attention to the fact that the drastic reduction in privileges for exporters (including reduced income taxes) would reduce enterprises' financial gain from exports by about 60 percent. On the other hand, departing from the principle of adjusting export profitability by the WF index would clearly contradict the principles of the pro-efficiency policy in foreign trade.

Jerzy Nowak of the Bydgoszcz Furniture Factories and Andrzej Borucki of the Powogaz Municipal Apparatus and Equipment Enterprise in Poznan jointly stated that while such instruments as the "ROD" ["rachunek odpisow dewizowych," or retained hard currency earnings allowance] foreign exchange deductions, for example, are still having little effect, limitation of the scope of privileges extended to exporters would entail limitation of the possibilities for financing modernization undertakings, and as a consequence, a decline in production and exports. Were those the goals of the second stage of the economic reform? "Why," they asked, "is the leaking state budget trying to patch itself up at the expense of the best enterprises, while leaving those which are doing badly alone?"

Answering the questions and doubts expressed during the discussion, Janusz Kaczurba, Undersecretary of State in the Ministry of Foreign Economic Cooperation, stated among other things that exports were just as much a form of economic activity as the rest. The rules of the game have to apply to everyone, without exception. In fact, the over-developed system of privileges does not contribute to efficiency. That was why he did not agree with the view that the solutions recently implemented did not have anything in common with the goals of the second stage of the economic reform. He attributed fundamental significance to a flexible policy of rates of exchange for foreign currency, expansion of the scope of transaction prices, and the strengthening of the enterprises' self-financing of imports requiring foreign exchange. Work on unifying foreign exchange deduction rates for exported products, depending on the degree of processing, was coming to a close.

The speaker stressed at the same time that the Ministry of Foreign Economic Cooperation was carefully monitoring the reactions of enterprises to the changes recently made in incentives for exports, and would subsequently forward the comments and suggestions expressed to the proper government institutions.

The questions and opinions expressed during the meeting were also cited by Slawomir Marcuk, Undersecretary of State in the Ministry of Finance. The speaker did

not agree with the view that the state's budget policy had been carried out at the expense of the enterprises. If that had been the case, he declared, there would not have been such a large budget imbalance. It is true that income tax rates (65 percent) are high. As a result of a very rapid growth of privileges last year, however, the actual income tax rate was 45 percent. It is planned that it will be increased to 52 percent this year.

Analyses indicated that the system of privileges had many shortcomings. It therefore required reductions and changes, and that is what happened. Their extent has been curtailed this year, and in the sphere of export activity as well.

The statements by both ministry representatives, however, did not dispel the doubts of the people from the enterprises. Among the questions that came later was the following: When will changes in the system finally stop catching exporters by surprise?

9909

Proreform Elements See Positive Results of Unemployment

26000257b Warsaw *ODRODZENIE* in Polish
No 10, 5 Mar 88 p 6

[Article by S. M.: "Who Is Afraid of Unemployment?"]

[Text] We are in favor of economic reform, firm economic rules, and the criterion of efficiency, but at the same time, with incredible embarrassment, we hint from time to time at the possibility of the existence and possible consequences of unemployment. When Prof Kaleta called it by its name, he was immediately attacked from all sides. Supposedly this, according to what was shouted and written, was disloyalty to the fundamental principles of our system! No, the orthodox cried, unemployment cannot be reconciled with socialism! Really? The restructuring in the Soviet Union proves that what was still impossible yesterday is already a fact today. The same is true of China and Hungary. In the latter country, which is in the "lead"—if I may use cyclists' slang—of the socialist reformers, unemployment (a subject we avoid) is becoming an everyday reality. And what is happening? Socialism did not collapse, the party did not lose its leading role, and the working class did not go out into the streets. So who is afraid of unemployment in our country?

First of all one, one ought to answer the question of whether unemployment is any sort of remedy for our economic and social illnesses. There is no need to speculate, for we have available reliable research by CBOS [Public Opinion Research Center]. Last year the people at Col Stanislaw Kwiatkowski's Center asked both workers and management personnel about the possible consequences of unemployment. The results of that research are extremely interesting.

Both groups see unemployment as a major chance for our economy to regain its health. A definite majority (from 66.5 to 95.6 percent) state that unemployment will contribute to improving labor discipline and productivity, and will also increase the possibility for management personnel to evaluate and select workers. Considerably fewer (34.3 percent of the workers and 70.6 percent of the managers) believe that the economic difficulties afflicting us will be surmounted. Even if only that many think so, however, that is an argument that political and economic decision-makers cannot take lightly. While the economic consequences of unemployment are clearly positive, in the opinion of those polled, its consequences in the social sphere may differ. That is why we have to deal with certain apprehensions in this area, mainly on the part of workers. They are the ones who point out that unemployment will mean the loss of an important achievement for the working class and may become a source of conflicts between working people and individuals seeking employment. Attention is also called (by 58.9-73.2 percent) to the possibility of directors' taking their revenge on inconvenient people. Both groups do not rule out the appearance of individuals who can actually be interested in supporting themselves by unemployment benefits. The most important thing is that both workers (90.3 percent) and management personnel (95 percent) are of the opinion that possible unemployment will increase respect for labor.

The respondents were also asked whether unemployment was inconsistent with the principles of socialism. It turns out that for 24.2 percent of the workers, unemployment in socialism is "definitely" inconsistent with its principles, while 21.3 percent are "inclined to say yes." Next, 21.1 percent state that they are "inclined to say no," while 18.8 percent say "definitely not." Over 14.6 of those polled did not have an opinion formulated on this topic. Managers turn out to be more pragmatic on these issues—which should be noted. After all, this has a broader context, since it so happens that the positive consequences of unemployment are pointed out most often by workers with a secondary education, those earning high wages, and former members of Solidarity. On the other hand, attention is called to the negative aspects of unemployment by workers with an elementary education, former members of branch unions, and individuals currently belonging to sociopolitical organizations. No fundamental differences in views on this issue are noted among managers.

And one more thing. It is clearly evident from the CBOS research that individuals opting for market laws and competition, i.e., with pro-reform views, have a definitely greater awareness of the positive consequences of unemployment, both economic and social. The question of who is afraid of unemployment, since it does not harm socialism, thus still remains relevant. If it is not the workers or management personnel, then who is it? Perhaps the bureaucratic apparatus again?

9909

'Remunerative Export Elasticity' Noted in Foreign Trade Report

26000316b Warsaw RZECZPOSPOLITA in Polish
19-20 Mar 88 p 4

[Text] On 18 March the Planning Commission in the Council of Ministers held a seminar devoted to the long-range strategy of trade and foreign economic cooperation to the year 2005.

A report, prepared by Planning Commission experts, was presented containing a program for export development, an assessment of import possibilities, possibilities of servicing the debt, and indispensable structural changes in export.

The director of the Task Force for Trade and Economic Cooperation Abroad in the Planning Commission, Jerzy Basiuk, stated that the basis for the report was not the traditional balance-sheet method, but the remunerative elasticity of export. It was assumed that by the year 2005 the average annual growth rate of the national income will be 4 percent, and the remunerative elasticity of export should be 1.6 to 1.8. If it is not possible to realize this assumption, export's share in the national income generated will grow from 18.2 percent in 1985 to 25-30 percent in 2005, i.e., to the amount now found in certain European countries (Spain, Italy).

A great deal of the discussion was devoted to an assessment of the ability to service the country's foreign debt. The prevailing opinion was that the size of the interest rate would be decisive. If the interest rate is not reduced, full servicing of the debt will endanger the economy's development.

In summing up the discussion, director Basiuk said that it indicated approval of the general courses presented in the report. The Planning Commission will now make another attempt to match economic instruments to the accepted goals, including the instruments provided in the second stage of economic reform.

9295

Antimonopoly Regulation Possibilities Discussed

26000316a Warsaw TRYBUNA LUDU in Polish
24 Mar 88 p 5

[Interview with Dr Witold Modzelewski, secretary, Council for Combating Monopolistic Practices, by Zofia Krzyzanowska]

[Text] We have several hundred producers on the market who hold a monopoly position. The number of monopolists is not shrinking. They decide what is on the market and at what price. As of 1 January the anti-monopoly law is protecting us against their greed. How great is this protection? We talk about monopolies and the law with Dr Witold Modzelewski, secretary of the Council for Combating Monopolistic Practices.

[Dr Modzelewski]: Let us begin by saying that the law is not aimed directly at monopolies, but only at those of their practices which are damaging to the economy and the consumer—for a monopoly itself does not have to threaten the public interest. If the buyer's position is strong, his demand satisfied, then a monopolist is forced to compete for customers by making his offer more attractive, reducing prices, improving the quality of goods, etc., even if the competition is only of a potential nature.

When There Is No Choice

[Question] But in our country it is exactly the opposite. We link excessive price increases and shoddy production, based on the belief that "the people will buy it anyway," to the existence of monopolies. And the people have no choice.

[Answer] This is also due to the unbalanced market and strong inflation. From the standpoint of a monopolist, these are conditions under which easy profits can be made.

[Question] Does not this easiness stand in the way of restoring balance to the market? Actually, every producer strives to obtain the greatest profit at the least cost and effort. After all, a monopolist is not going to be interested in increasing a supply which is troublesome if he can get the same financial results by increasing prices, remaining stagnant, or even reducing production.

[Answer] Of course. But such a growth of profit and wages is prevented not only by barriers in the form of the recently established financial sanctions, withholding of credits, etc. This should be also combated through the anti-monopoly law, which forbids the reduction of production or sales leading to a growth in prices if the reduction of production is not due to causes beyond the enterprise's control. Furthermore, I would like to call attention to the fact that the phenomenon of a monopoly is more broad than is commonly understood. It includes turnovers between the contractor and the investor, sales for supply purposes between enterprises, between the producer and the seller, and between the seller and the consumer.

In each of these areas we have the seller's or the service-provider's dictate, and the position of the purchaser, as a rule, is weak.

[Question] In the face of this, what can the law do?

[Answer] First let us say what it cannot do. It cannot automatically change the structure of the economy which causes the existing arrangement of forces. It cannot change the structure of production or the structure of sales. It cannot modify investments, although it may stimulate competition in those parts of the market where there are many sellers. The anti-monopoly legislation, and particular the new law, concerns itself less with

causes and mainly with effects. In general, it provides a weapon for the suppression of attitudes which are in conflict with the public interest, persuading the monopolist to discontinue reprehensible practices.

[Question] What has the Council done thus far in this regard?

[Answer] Just recently, in March, we met for the first time, so it is too early to talk about results. We are concerned with automobile prices. But I want to emphasize here that the Council is only an advisory, consultative body. The enforcing organ is the minister of finance.

[Question] What monopolistic practices are subject to suppression?

[Answer] They include the so-called "tie-in" contracts, agreements between the producer and the seller aimed at an increase in prices, the imposition of burdensome conditions to achieve unwarranted advantages, etc. For examples, affiliated groups which represent commerce and trade are allowed to consult among themselves on the question of an increase in the contractual price and they can impose this price on their subordinates, but the minister of finance can invalidate such contracts.

The Law Must Be Applied

[Question] From the standpoint of the law, many of the compulsory foreign exchange inputs, which occur in relations between producers and between producers and sellers, are legal. Why do they continue to go unpunished?

[Answer] Because the authority of the minister of finance in this area is limited. The ability to suppress pertains only to the relatively short period between the conclusion of a contract and its execution.

[Question] Therefore, extortion can be conducted with impunity? And the results of this extortion can also be used with impunity?

[Answer] Of course not. The minister will declare that these contracts are invalid if, naturally, the contracts have already been concluded but have not yet been executed. However, he cannot suppress this type of offer. We are now investigating several such cases where a foreign-exchange input was required. As early as last year, we received reports of such compulsory requirements. But they increased greatly since January of this year. Reports of abuse of a monopoly position have also increased.

[Question] Where do these reports come from?

[Answer] Primarily from those economic entities which are affected by this practice. The compulsory foreign-exchange input requirement occurs most often in relations between producers in the area of producer goods. Insofar as consumer goods are concerned, reports of improprieties also come from the Consumers Federation and finance offices.

Trade—A Fan?

[Question] And trade?

[Answer] Trade, no. Not only because it is a weak partner in a highly unbalanced market. Trade profits directly from price increases through a growth in the margin obtained. Price growth is even more advantageous to trade than a growth in supplies.

[Question] On the premise: Fewer sales, greater profit. This is natural if it is possible.

[Answer] It is possible through the monopolization of trade. Only pluralization of trade would cut these practices short, creating competition. This would prop up reform but the existing trade organizations do not want this, for understandable reasons.

[Question] Are we now helpless in the face of the monopolists' price drain?

[Answer] Not entirely. After all, there is a law on prices which gives the minister of finance the right to intervene when prices are glaringly high. If a price set on a certain item is more than 30 percent higher than that of an identical item, or 50 percent higher than that of a similar item, the minister can order a reduction for a year, or also, for one year, apply a regulated price.

[Question] But this has not been done thus far?

[Answer] No, it has not. But this does not mean that it should not.

[Question] I have seen many items on which prices have been increased 50 percent or more. But it would be difficult for me to show another identical item or one that is similar and priced lower. Either these are goods which come from monopolized production, or prices also rose on these other similar goods. The laws create an escape hatch for monopolistic practices. And they also include mild sanctions.

[Answer] An attempt can be made to circumvent every regulation. But insofar as severity is concerned, suppression does not have to be severe to be effective. It is enough that it be consistent. For example, if a monopolist returns to harmful practices he is subject to a monetary penalty amounting to 10 percent of the net profits after taxes. In addition, the manager of the enterprise has to pay, out of his own pocket, a fine equivalent to triple his salary. This carries its own

weight. The suppression system provides for initial warnings. From the viewpoint of immediate action, this is little. But looking at it from the long-range viewpoint we can see that it provides mechanisms which change the way a monopolist thinks and how he calculates the benefits.

[Question] But society is already now threatened by monopolistic practices. It is tired of the price drain, the shoddiness of the merchandise and the shortages of consumer goods. All of these feelings intensify in an atmosphere of impunity. Under these conditions it is hard to find comfort in the vision of a distant future.

[Answer] No law will cause great changes to be made immediately. The ability to suppress is also limited, because monopolists have independence in deciding prices and production. Under our conditions, the most effective economic measures are those which affect the very mechanism of harmful practices. The application of "result margins" on some goods is one of these measures.

In the amended law on prices, which will be examined by the Sejm in April, a list of goods will be submitted on which trade will set retail prices. The difference between the producer's price and trade's sales price is this "result margin," which trade keeps for itself. This is an obvious way of interesting trade in negotiating the lowest possible prices from the producer.

[Question] What difference does it make to the consumer as to who skins him?

[Answer] Regulations on glaringly high prices are used to see to it that the result margins are not excessively high. What is most important is the fact that the result margin attacks the harmful practices at the producer-trade contact point. In place of an alliance against the purchasers, a conflict of interest appears. This has possibilities, because it conforms with the direction of reform and the further anticipated changes.

Of course, this does not solve the whole problem but only a very small part of it. But in waiting for extensive and comprehensive changes in the economy and on the market, we cannot ignore anything which might hasten them, which pushes us forward, or even just slightly lessens the immediate hardships which the defenseless purchaser endures because of monopolistic practices. Anti-monopoly measures should be looked upon as part of a long-term process, whose results for the consumer should appear first in the form of eliminating the most drastic practices.

Natural Gas Amounts Insufficient, Soviet Imports Helpful

26000316c Warsaw *RZECZPOSPOLITA* in Polish
19-20 Mar 88 p 4

[Text] Although winter this year was very mild, the total consumption of gas in the country in January and February was half a percent more than last year.

We recall that last year on the coldest days the demand was for 39-40 million cubic meters of gas per day, which greatly exceeded the planned amount. It was then necessary to limit deliveries of gas to the chemical and metallurgical industries.

This year it was not necessary to reduce deliveries of natural gas. The requirements of industry and the municipal utility sector were fully met. The No 1 supply level was in effect during the entire winter.

Three separate gas systems operate in the country—for high-methane gas, nitrated gas, and coke-oven gas. For a long time now, during winter periods, there has been a shortage of coke-oven gas. That is why it was necessary, just as in previous years, to set aside for 4 months (from December to March) one production line in the Nitrogen Plants in Kedzierzyn. But this made it possible to fully meet the requirements of consumers in the industrial and municipal sectors for coke-oven gas.

Deliveries of natural gas imported from the USSR were greater than in previous winters. In December of last year, 100 million cubic meters of high-methane gas above the originally fixed amount was purchased, and in the first quarter of 1988, gas deliveries from the USSR will amount to 1,885 million cubic meters, i.e., 25.5 percent of annual deliveries.

The good work of the gas systems is due in large measure to the underground natural gas tanks.

In case of a sudden increase in demand, we can now draw up to 1.6 million cubic meters per day from Husow. These are enormous amounts, considering that at present 5.6 million cubic meters of high-methane gas and 12.2 million cubic meters of nitrated gas per day is being extracted.

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Fishing-Vessel Construction To Aid Ailing Shipbuilding Industry

26000302 Warsaw *POLITYKA-EKSPORT-IMPORT*
in Polish No 8, Apr 88 p 19

[Article by Gerard Kotlowski: "How To Be Back in the Lead?"]

[Text] Twenty years ago we were the world's second largest builder of fishing vessels, next only to Japanese. Last year we built 12 fishing ships aggregating a register tonnage of 20,000, just one-sixth of our output 20 years ago.

Of the four largest Polish shipyards only the one in Szczecin has never built fishing vessels. Smaller vessels of that kind are being built at the Ustka Shipyard and at the Wisla Shipyard in Gdansk.

Encouraging anyone nowadays to build ships is not plausible, because at present shipbuilding is becoming less and less profitable and shipyards in many countries are being closed down or their operations curtailed. On the other hand, a proposal to shut down even one Polish shipyard sounds like blasphemy. Perhaps then an intermediate solution, enabling the Polish shipbuilding industry to survive the years of the economic downturn while minimizing its losses, should be considered?

I believe that the losses incurred in building merchant ships could be to some extent offset by resuming the export of fishing vessels. To be sure, their share in the world's volume of shipbuilding has never been high, but this is a promising domain in several respects.

The principal reason is the steady growth of the world's catch. Another factor is the size of the fishing fleet. The number of the world's merchant vessels is steadily growing, but their tonnage is declining with each year, whereas fishing vessels are growing both in numbers and in tonnage. From the standpoint of tonnage, the fishing fleet is a dwarf, accounting for barely 3 percent of the merchant marine. In terms of numbers the ratio is much more favorable, considering that fishing vessels account for 35 percent of all merchant vessels; this indicator would be still better had statistics also included fishing vessels with displacement of less than 100 register tons. If we also consider that each year 3 to 6 percent of the tonnage has to be replaced, we find that shipbuilding yards, let alone repair shipyards, should pay serious attention to fishing vessels.

Another reason is that the sales price per ton of fishing vessel is definitely higher than that per ton of a bulk cargo carrier. This is due to, among other things, the increasingly modern equipment on fishing vessels. Not without importance also is the fact that the demand for fishing vessels has never fluctuated as markedly as the demand for merchant ships.

An Unexploited Opportunity

We exported our first fishing ships in 1950, to the USSR. We also sold them to the West—to France (most), Great Britain, Iceland, Ireland, Norway, Holland, and Mexico, among others.

Why had not we strengthened our position on these markets and acquired more customers? There were several reasons. When in the years 1972-1975 the exports of Polish fishing vessels reached their peak, the demand for large merchant ships appeared. That was a great temptation to our shipyards, and it is hardly surprising that

they succumbed to it. Old slips began to be hurriedly modernized and a second dry dock was built in Gdansk in order to construct the hulls of these colossi.

Dazzled by momentary successes in getting contracts for big merchant ships, we began to ignore fishing vessels, showing less and less interest in them, despite their low materials-intensiveness. The belief that the future belongs to large ships was so strong that a lateral slip serving as a center for building fishing vessels was eliminated at the Paris Commune Shipyard. Fortunately, no such mistake was made at the Gdansk Shipyard, and this is now proving beneficial.

No one in Poland doubts that Soviet orders enabled us to enter the world shipbuilding market. As regards merchant ships, we have also been successful as exporters to the West, but not as regards fishing vessels. Why?

The principal reason is probably that we have been offering a quite rich variety of merchant ships but a much more limited choice of fishing vessels. Moreover, searching for customers only in Europe—and in France, Great Britain, Norway, and Holland at that—could not produce lasting effects, for these are precisely the countries having considerable potential for building fishing vessels, and moreover they do not lead the world in fish catch. Promotion and marketing drives should chiefly pay attention to the countries with the largest catch which lack a developed shipbuilding industry.

On analyzing the list of countries to which we have been exporting fishing vessels, the impression arises that our trade experts hardly read catch statistics attentively. Catch by the developing countries in 1986 totaled 46.3 million tons, which accounts for 52 percent of the world's catch. It is among these countries that we should have been searching for potential customers for our fishing vessels.

It can be assumed that the share of catch by the developing countries will continue to increase. This ensues from food problems and from the extension of the offshore fishing zone to 200 miles. These countries will thus tend to expand their fishing fleet as well as their fishing ports and processing facilities. In expanding exports of fishing vessels to these countries an allowance should be made for the need to offer comprehensive tenders as well as to offer loans for financing certain projects. We are unable to do it on our own, and thus in such cases ties to foreign capital appear indispensable. This produces good results, as may be exemplified by our cooperation with a Dutch concern in Senegal.

The fact that the developing countries often lack sufficient funds for financing every project is no longer a business argument nowadays. Barter deals are becoming increasingly common. The sooner we adapt ourselves to this form of trade, the less we will lose.

Best and Worst Customers

The greatest share of catch at present is that of Asia (in 1986, 26.2 million tons or 33 percent of the world's catch). Here the leaders are China, 7.3 million tons; the Korean People's Democratic Republic, 3.1 million; and Indonesia, 2.5 million. The absence of our fishing vessels in China is to be regarded as a mistake in the art of business deals. There they would certainly sell better than Polonez cars. Still, recently things have begun to move in this field. A tender for modernizing fishing in the People's Republic of China has been drafted, on proposing many types of vessels adapted to various fishing techniques. On the other hand, it is not known why attention has not also been paid to India, where there exist good prospects for selling our fishing vessels.

Of a certainty, the most difficult market to penetrate for us is Latin America. There, Peru and Chile lead in catch—more than 5 million tons annually. Still, we have successfully sold fishing vessels to Argentina, Mexico, and Peru. In Africa our smaller vessels, built by Wisla Shipyard in Gdansk, are being purchased by Nigerians. But we are not present in Morocco, which leads the African countries in catch—0.5 million tons—nor in Ghana and Senegal, where the catch is greater than in Nigeria.

In Europe our fishing vessels sell best in Iceland. Efforts on that market have lasted for years and are producing the expected results in the form of orders for new ships and for overhauls of old ones. Polish-Icelandic trade contacts provide a good example of proper exploration of the customer's needs and of the possibilities for meeting them. The business nose of "Centromor" [Maritime Trading Agency] has not misled it in this case.

A steady rise in catch over many years is being recorded by the Soviet fleet, which in 1986 caught 11.1 million tons, or 100,000 more than the entire West Europe. Most fishing vessels cruise under the Soviet flag (more than 50 percent of the world's tonnage). The huge needs of our principal customers have though adversely influenced the opportunities for our exports to the West. It is more convenient for shipyards to handle longerm government orders, which assure stability of production, than to try to attract Western customers. This has resulted in narrowing the variety of types of fishing vessels, as they are being in principle built for the needs of just one customer. We have focused chiefly on building large fishing vessels, including huge mother ships.

Small Is Best

Vessels of above 4,000 register tons are operated by only a few countries, and hence the export possibilities in this respect are minimal. Fishing vessels from 2,000 to 3,999 register tons cruise under the flags of 30 countries, and hence here too the marketing opportunities are small. The greatest demand persists for medium-sized fishing vessels from 100 to 499 register tons, very few of which

are being built by Polish shipyards; yet, these vessels are part of the fleets of 128 countries. This is precisely where the greatest opportunity for procuring orders in hard currencies is harbored. The demand for medium-sized and small (below 100 register tons) fishing vessels will of a certainty persist, because they are most economical within the 200-mile offshore zone of catch. On the other hand, the demand for large fishing vessels will decline, because fishing areas in international waters have by now been markedly depleted.

The conversion to building medium and small fishing vessels appears to be a necessity, if we are to conquer new markets. But one condition must be met if fishing vessels are to become again our specialty in the world. The coproduction ties between shipyards and equipment producers must be renewed or sometimes established from the scratch. For in this field there has been considerable regression. The worldwide advances in fishing-vessel gear will require of us intensified intellectual and technological efforts, as otherwise we would be menaced by growth in imports. For it is difficult to tolerate the sale of bare hulls, such as took place in our trade with Holland.

The competitiveness of our fishing vessels could be enhanced by undertaking joint ventures with foreign shipyards and equipment producers, especially with those who are in a very difficult situation economically, and there is no dearth of them. We could also derive many advantages from establishing closer ties with the Fishery Department of the FAO, which is a highly important opinion-maker and often also acts as an investor in the building of fishing vessels. The revival of interest in the building and exports of fishing vessels could also be assisted by the Second National Symposium (the first was held in 1969), which would be attended by all interested designers, shipyard personnel, trade experts, fishermen, and scientists.

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YUGOSLAVIA

Changes in Economic Cooperation With USSR Discussed

28000104 Belgrade *EKONOMSKA POLITIKA*
in Serbo-Croatian 14 Mar 88 pp 14-16

[First part of article is by D. Zmijarevic; second part is interview with Lev Ivanovich Kurtinin, deputy general director of the Soviet firm Tyazhmash, and Tomislav Nisevic, general director of the Belgrade import-export firm Rapid, by Slobodan Pejovic, date and place not given: "Yugoslavia-USSR: Sensitivity to a Large Trading Partner"]

[Text] Economic cooperation with the Soviet Union has always had paramount importance for Yugoslavia, and then recently a dose of curiosity as to what is happening in that country has been added to that importance. The

Soviet Union is the Yugoslav economy's largest individual trading partner; last year it absorbed one-fifth of its visible exports. The judgment which is usually made of cooperation between the two economies is mutual interest and stability, but this does not mean that everything goes smoothly within that framework. The set of inter-related changes brought by perestroyka will certainly have an effect on Yugoslav presence on that market as well. The most important change from this standpoint is certainly that foreign trade, until now exclusively in jurisdiction of the state, is slowly beginning to be allowed independence and learning what it means to do business under market conditions. A recent amendment of regulations has given that status to about 60 enterprises engaged in foreign trade. It has already been announced in our country, when this year's trade protocol was signed, that from now on enterprises will be oriented more toward direct mutual contacts and will themselves have to seek business arrangements, guided by their own interest, accompanied by only the most general guidance at the governmental level. There should be no doubt that this will be yet another test of the ability of Yugoslav organizations to adapt to the new conditions, and that in terms which have up until now been associated with the other economic hemisphere—competitiveness, quality, prices, and so on.

Another factor which has recently aroused interest in trade with the Soviet Union is the problem of the surplus on the Yugoslav side. It occurred 2 years ago because of the drop in the price of petroleum and the unwillingness of the Soviet side to increase deliveries of petroleum. The surplus, which as of 31 January amounted to \$1.4 billion according to official figures, has put a stigma on overall trade with the Soviet Union and indeed even on the very system of balanced bilateral trade, and it is seen as one of the largest causes of disturbances in the domestic financial sphere; with all the negative repercussions on inflation. However, in the search for solutions to this problem a reduction of Yugoslav exports was rejected by both sides as the least favorable of the alternatives (just as a few years ago, when the situation was the other way about, when petroleum prices were extremely high, the problem was solved by taking more Yugoslav goods). Thus this year's protocol envisaged a growth of trade by \$5.8 to \$6 billion on the principle of achieving balance. But even if it were not necessary to right the imbalance, the changes in mutual trade and in cooperation in general are being announced for other reasons as well.

The typical thing about trade between Yugoslavia and the USSR up to now has been that that country has been a large supplier of important raw materials to the Yugoslav economy, above all petroleum. Imports of petroleum from the USSR with current variations, of course, represent about half of total Yugoslav imports of petroleum. At the same time, Yugoslav exports consist mostly of finished industrial products, equipment, and consumer goods, which already the Soviet side has openly declared to be untenable in the future. The visit to Yugoslavia last

August by a delegation from the USSR Chamber of Commerce and Industry brought among other things an offer to the Yugoslav economy that it not look upon the Soviet economy solely as a source of raw materials, since it can also offer other goods, for example, high-quality equipment covered by references. This proposal was declared at that time in the context of seeking solutions to the Yugoslav surplus, but since the term has frequently been repeated in these talks over a lengthy period, it obviously is not just a one-time offer to right the annual imbalance.

The next factor suggesting changes in this trade is that Yugoslav producers, because of the new conditions under which Soviet enterprises will be operating, will probably not feel protected any longer under the cover of government arrangements and transactions worked out at a high level. For a long time now, this market has had a reputation among Yugoslav business executives as a kind of protected zone where profit is more or less certain. The safe method of payment (the National Bank pays exporters the value of the transaction) and government guidance of the transaction with commodity lists have turned the bilateral markets into an area of safe transactions in which exporters are free of the concerns which they face when they operate on convertible markets. This has been especially true of consumer goods, for which Yugoslav producers have found here grateful customers who are not very exacting. What is more, the prices obtained have as a rule been higher than those on the domestic market, not to mention other markets. However, while these transactions are profitable at the moment, their consequences for the ability and readiness of these producers to react to changes in circumstances and requirements, to change their programs and their products, to improve quality, and so on, have nevertheless been unfavorable. Many Yugoslav enterprises have remained stubbornly oriented to this market, although one could have hardly expected it to continue without any change whatsoever, even if such dynamic changes had not taken place at the top government level. Part of the trade surplus is certainly owing, then, to the fact that Yugoslav enterprises have shown little ability or even motivation to redirect their offering.

Although the possibility of reducing Yugoslav exports to the Soviet Union has been rejected as a solution to the surplus, it is obvious that this imbalance will be corrected and that trade in the future will take place under different conditions, with different demands and transactions. Yugoslav exporters have to prepare themselves for a different approach to this market than the one they have been accustomed to. However, there is indication that they are not altogether unprepared in the datum that the Economic Chamber of Yugoslavia has already gathered about 180 proposals of domestic enterprises for cooperation (in all forms) with Soviet trading partners, most of it on a long-term basis. These are projects in the fields of the metal manufacturing industry, the chemical industry, the agricultural complex, processing technology, based mainly on long-term industrial cooperation

(at present this represents only 4 percent of total trade with that country). Although at present there are not many transactions that have been arranged or contracts concluded, this kind of interest indicates that the Yugoslav economy sees potential still untapped in its largest trading partner.

Plenty of Trouble

Equipment comprises no small share of trade between Yugoslavia and the Soviet Union. However, ties established for long years have fallen into crisis. Customers from Yugoslavia, mostly investors, are simply not getting orders that have even been contracted for. At the same time, certain large Yugoslav enterprises are for all practical purposes experiencing a collapse, since they built a sizable portion of their capacity to handle deliveries to Soviet enterprises. This was the topic of our interviews with Lev Ivanovich Kurtinin, deputy general director of the firm "Tyazhmash," which in the new organizational scheme unites the Soviet industry of heavy and transportation equipment, and Tomislav Nisevic, general director of the Belgrade export-import firm "Rapid," one of those which just a few days ago signed a contract with Soviet trading partners on continuation of cooperation and representation. "Rapid" is interesting in this case, not so much because of the volume of equipment imported from the Soviet Union as for the breadth of its undertakings in visible trade, or better, because of the possibilities of expanding trade with a number of consumer goods. The interviews were conducted by Slobodan Pejovic.

Third Markets Represent Another Area

EKONOMSKA POLITIKA: In the new initiatives there has been a noticeable effort to demonstrate an interest in improving overall trade. When it comes to the industrial sector, finished products are being offered in this connection. Anyone familiar with the situation in our machinebuilding industry can also talk about its interest in expanding trade, but there is also an interest in selling to Soviet industry products at a high level of manufacturing. Where is our meeting ground?

Kurtinin: Since we are representatives of an exporting firm it is clear that we would like to be selling more on the Yugoslav market. However, we understand perfectly that this is a time in which we need the right kind of mutual cooperation, not sales only on one side. But I must emphasize that our association buys much more in Yugoslavia than it sells here. We are trying and will continue to try not just to sell, but both to sell and to buy.

Representatives of "Uralmash," which also belongs to our ministry, are in Yugoslavia at this moment. The purpose of their visit here is to arrange a barter deal so that if they make purchases, say, for \$1 million, they will sell the same amount. They are proposing to buy in Yugoslavia reducers for walking draglines manufactured under Soviet blueprints, and to sell those excavators in

Yugoslavia for the corresponding value. You probably have already heard about the transaction with the Sisak Steel Mill, for which we can deliver metallurgical equipment for manufacturing pipe.

So, if I were to round out my answer to your question—where is our meeting place, we should bear in mind what I have already said: that our ministry is buying more in Yugoslavia than it is selling. Then it is clear that we have to travel a somewhat longer road to meet because it is absolutely necessary to maintain some balance in trade.

EKONOMSKA POLITIKA: When you insist on exporting finished products and importing parts and assemblies, we get the idea that you are interested in the technologies which we are buying in the West.

Kurtinin: The question is quite interesting and astute. After all, both of us are trying to make the best products, and that cannot be achieved without the most up-to-date technology. That is why the best thing for both your producers and ours is to find products which are technologically interesting to both sides. For example, I have already spoken about the arrangement with metallurgical equipment and pipe, in which in order to deliver the most up-to-date metallurgical equipment to Yugoslavia, we would enter into cooperation with an Italian firm. Even though we make good metallurgical equipment, we felt that the Italians were necessary to us because they are ahead of us in certain technological solutions. In that way the Sisak Steel Mill will be getting the most up-to-date equipment for making pipe.

EKONOMSKA POLITIKA: The problem of the trade imbalance, which you have mentioned, is felt significantly in our enterprises in the form of a reduction of our deliveries, especially since last year. The reason our enterprises give is that it is increasingly difficult to find goods in the Soviet Union which can be sold successfully on the Yugoslav market.

Kurtinin: I cannot respond in general as to the entire Soviet Union, but you are right about one thing. It is very difficult to sell something large and in large amounts in Yugoslavia and to obtain from the same customer products which would suit us. Even though we are a large ministry, we work in a narrow area; that is, we are interested in certain equipment. To be specific, when we sell an excavator to a mine, we cannot get electronics back from it, since in the end all the mine has is coal. That is precisely the problem which the delegation from "Uralsmash" I mentioned is trying to solve, and it is clear to us that this cannot be resolved with the traditional methods of exporting and importing. Perhaps the solution lies in industrial cooperation, in joint ventures, or in joint exports to third markets.

EKONOMSKA POLITIKA: We intended to ask you about joint efforts on third markets. Please tell us how that looks from your viewpoint.

Kurtinin: I will try to explain how we see it with a specific example. We are working at the moment on the possibility of delivering heavy boring machines to Turkey. We are planning at the same time to buy certain power assemblies for those boring machines in Yugoslavia. But this concerns only a few machines, and the ultimate result is that we make a few machines jointly, sell them, and that is the end. That is not what we want. We need to seek permanent markets and that kind of equipment which we can deliver for years. I think that your enterprises also have this kind of interest.

Perhaps one of the examples of something over the long term might be building river vessels and ocean-going ships. We produce a large number of diesel engines for ocean-going ships, and your enterprises are producing quite a few ships. If we reach agreement on such transactions, then that might be over a long term. A topic of interest at the moment is the possibility of joint production of a diesel-powered motor train in which we would make the train and your enterprises the motor. These are just individual examples.

Our visit here, including the Belgrade promotion, was aimed at increasing transactions of that kind and raising them to a technological level where the joint products would be of interest even to a third customer.

EKONOMSKA POLITIKA: When it comes to representation on third markets, our major problem is of a financial nature. We need credit financing, but also investments in surveys to reduce the risk. What are the possibilities of a joint effort on that basis?

Kurtinin: The question is certainly a complicated one, and there is always a risk in foreign trade. But as a rule that risk is diminished by improving the technical-and-economic parameters of the products being sold. There is no point in improving everything else if the final product is poor in quality and does not offer the economic benefits of comparable products. If we go back to the example of the diesel-powered motor train, then the basic assumption is that we must make a train that meets the strictest requirements of the Western market.

EKONOMSKA POLITIKA: Perhaps you would like to say something we have not covered with our questions.

Kurtinin: I would only like to make known to my colleagues in Yugoslavia that we have to conduct a joint exploration for appropriate solutions to improve our trade, and in this connection I repeat that the time has passed when it was possible to export more than one was importing. Both sides have to urgently find a way out of this situation. I would also say in this connection that in some cases the price has been a problem. I would give the example of walking draglines, for which we purchase parts in Yugoslavia worth between \$50 and \$60 million. I feel that the prices both of the excavators which we sell to your mines and of the assemblies which we buy from your enterprises are too high. That is, when we pass on

the prices of the assemblies and the cost of finishing into the excavator, the mine does not want to buy that excavator, since it is too expensive. It has no interest in relations between the two industries, it is only interested in the final price of the excavator. So I think that we should be very cautious in setting the prices of excavators and components for them, since it is simply no longer possible to sell an expensive excavator to anyone.

Credits and Industrial Cooperation

EKONOMSKA POLITIKA: We have just been in contact with representatives of the Soviet equipment industry, and we get the impression that they are now insisting on balancing trade within that production area.

Nisevic: As far as I know, our trade with the Soviet Union means bilateral balance, that is, balance at the macrolevel. Each industry or grouping at the same time strives to obtain as equal a balance as it can. The state of the facts at present, however, is such that in the industry of mining and power equipment, say, where "Rapid" figures as a representative and importer, Yugoslav enterprises are exporting far more assemblies and parts than they are selling equipment here. This is especially characteristic of the last 2 years, when there has been a very sharp drop in imports of this kind of equipment from the Soviet Union, although at the same time that equipment is very much needed by our mines.

EKONOMSKA POLITIKA: What is the problem then, why is it not being imported?

Nisevic: The problem lies in our investment crisis. I will engage in a digression here. The Soviets finance sales of their equipment with 85-percent credit. The customer has to come up with the rest, in this case our enterprise buying the equipment. But these are large amounts: \$3 or \$4 million for one excavator. Our mines are simply not in a position to come up with 15 percent of that amount, although the equipment is indispensable to them. At the moment there is quite a bit of equipment contracted for and manufactured which we are not taking. I must emphasize here that the equipment which we import from the Soviet Union is highly valued in Yugoslavia. To

illustrate, everything imported over the last 10 years has been operating without any sort of interruption, but the interruption in deliveries over the last 2 years has caused quite a bit of uneasiness among our trading partners in the Soviet Union.

EKONOMSKA POLITIKA: Will that persist for a long time?

Nisevic: "Rapid" is trying to work it out, and we are trying to obtain credit from the Soviet Foreign Trade Bank as importers to cover a portion of those 15 percent. At the same time, we are trying to get credit from Yugoslav commercial banks for this purpose. As far as we can see, our trading partners in the Soviet Union like this idea. We have a great interest in working it out, since that would make it possible for us—both as representatives and as importers—to sell Soviet equipment here, which opens up room for us to sell Yugoslav goods to the Soviets. It is becoming more and more certain that only if you buy there will you be able to sell there.

EKONOMSKA POLITIKA: We called to the attention of representatives of "Tyazhmash" the objections of our importers that they have a hard time finding goods which they can sell effectively here, especially in the case of consumer goods. What do you have to say about that?

Nisevic: When we signed the contract to represent "Uralsmash," we initiated a very broad program involving precisely consumer goods, and we are convinced that we can sell large quantities of those goods in Yugoslavia. I say this because when it comes to purchases in the Soviet Union we have not been displaying anything like the commercial attributes which they show in making purchases in our country. I think that the problem here lies with us.

But the essence of the thing is still that we must open up room for invigorating trade. The Soviets need our goods, especially assemblies and parts for equipment, and they are very ready to enter into new forms of cooperation which thanks to their quality would take the place of the deficiencies of the present pure trade.

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HUNGARY

Book Publishers Experience Radical Subsidy Reductions

25000165 Budapest ELET ES IRODALOM
in Hungarian 8 Apr 88 p 7

[Interview with Maria Hegedos, literary manager of Magveto Publishers, by Anna Szekely: "Goodbye to Books? Discussion of Hungarian Publishing Policies"]

[Text] The wheels of Hungarian book publication and dissemination are screeching louder and louder. At the same time, casual book sellers in the subways have been offering sensational works of high quality which would have taken years to be published by the state, if at all. Also available at the subway stations, of course, are the dime novels and other assorted literature which not so long ago would have been considered an insult even by many writers of that genre. At the same time, the large—non-private—publishers are debating and pondering over how to cut back without suffering any significant losses. The printers have already submitted their bills for payment. How can we expect anyone in the future to be inclined to write quality literature? Will anybody buy or read any? These were some of the questions addressed recently by Maria Hegedos, literary manager of Magveto Publishers.

Anna Szekely: To what extent does a publisher have to adjust nowadays to the public taste which, periodic changes notwithstanding, has always been characterized by a kind of infantile simplicity that transcends the ages?

Maria Hegedos: I think that we have begun to take unfair advantage of our readers' taste. We have been using it as a shield to hide behind. It is the wrong approach to keep insisting that in this area, too, demand should determine the supply, or that we need to satisfy people's needs by providing what the market demands. I believe that today book publishing and culture in general—and here I am also referring to theaters, movies, television, radio and cultural events—cannot be allowed to abandon their commitment to preserving old values and creating new ones, shaping public opinion, or being a part of and guiding our intellectual life as a whole.

A.Sz.: It is an admirable position, however in certain areas of culture I see just the opposite happening. The book business has come to be characterized as being in a state of uncertain confusion fuelled by considerable over-eagerness to predict reader demands.

M.H.: This is indeed the prevailing trend; accepting lower standards, however, is not a policy that can be sustained in the long run as it hinders the uninterrupted development of our nation's culture.

A.Sz.: I sense some contradiction here. In public culture today socialization has become a powerful trend: let us return the cultural institutions to the people, and let

them shape their own cultural horizons and programs. If in several areas of culture we consider the public competent enough to choose the values that are important to them, why should it not be allowed to do the same in literature? Does the publishing editor believe that people are really incapable of selecting the right values? Or that they are unqualified to make the right decisions?

M.H.: When it comes to education people must not be abandoned. Professional help is vital. We must establish the necessary framework and develop the necessary conditions. We need to provide alternatives to ensure that people make the right decisions. This also holds true for book publishing. We must shape and guide public taste without, of course, manipulating it.

A.Sz.: How can we hope to influence the readers' taste when for a long time now there has been such a noticeable increase in the public need for more easily digestible literature?

M.H.: The market has been flooded with these kinds of works. At the same time, we must understand that people are tired, overworked and are having a difficult time making ends meet. It is a natural reaction, therefore, for them to choose something that they do not have to struggle to get. But I do not believe that the problem is irremediable, for besides the many worthless publications a great many valuable works are also available.

A.Sz.: But what is there to ensure that these values will continue to be around in the future? State patronage of literature will gradually end, which will force the publishers to publish only what they can make money on and what will help to sustain them.

M.H.: Book publishers must also devise a defense strategy of their own to counter economic pressures. There is one aspect of this defense, however, which is not up to us. It is the government that must review the place, role and importance of culture. The Ministry of Education undoubtedly does not wish to accept the fact that it is unable to manage its own sphere of responsibility, either morally or financially. Unfortunately I did not notice any struggle or resistance on the part of the appropriate branch of our educational leadership when the importance of culture first began to fade, and when the process of the deterioration of values first began. By now the situation has gotten out of hand, and it needs to be brought back under control. I am convinced that sooner or later this will have to happen since there is not a country in the world that can afford to allow its cultural parameters to be defined exclusively by financial experts.

A.Sz.: Does any higher authority have a say about what books Magveto should publish?

M.H.: No one has a say about that.

A.Sz.: It appears that it was not any well defined cultural concept that has given you this free hand; you merely seem to feel that in light of such a great reduction in financial support interference cannot be justified. I sense a kind of hesitant helplessness on your part, stemming from your belief that in addition to having decision-making powers, a strong concept would also consider it important to establish every condition necessary to make a decision.

M.H.: We have no defined cultural concepts, no cultural strategies. Under the changed circumstances we ourselves must create the appropriate new conditions. We are looking for new methods that will enable us to work effectively. Presently, our minds are not set on thinking in economic terms when publishing literature. The changes have hit us suddenly. They have included a reduction of state subsidies, the introduction of a new tax system, and an expectedly significant increase in book prices. We still have not learned to adjust. I myself have spent 27 years in the book publishing business, but thank God I have never read a manuscript to which my first reaction would have been to ask what it would cost to get it published.

A.Sz.: Judging from the selection available at book stands around the subways it is clear that your priorities are not shared by many of your fellow publishers, or for that matter by the economic work partnerships and small cooperatives involved in book publication. The primary consideration before most of them is how to make a big profit.

M.H.: There is no need to come down too hard on entrepreneurs for wanting to run a profitable business. They, too, must pay taxes, so the only big problem I can see is that this money is not funnelled back into culture, into other areas of book publishing to help subsidize the printing of valuable but unprofitable works. At Magveto Publishers we continue to believe that in the interest of the future of Hungarian intellectual life it is our duty to give representatives of contemporary Hungarian literature a chance at testing their talents at all literary forms and genre; still we are forced to be selective. Until we are able to replace the state with banks and sponsors to support us or to find other money-making possibilities, we will no doubt continue to have to publish that one of two equally valuable works which is expected to have the greatest public appeal. We will cut back on the publication of limited-edition essay collections, even though Magveto's staff has always felt that the demand for contemporary Hungarian literature was more than just an interest in fiction.

A.Sz.: How big a cut in funding have you suffered?

M.H.: It has been cut to one-third of what it had been. For years, Magveto had been receiving 30 million forints in state subsidies. Although this had meant a gradual decline, for every year the real value of this money had deteriorated, at least we had always known how much we

had at our disposal. Today we receive 13 million forints in support. We will be very happy if instead of the 235 books we published last year we can come out with 200. As things stand, our ability to guarantee the welfare of Hungarian writers and literature is much in doubt. For now the only direct effect of this has been some bad feelings among our writers, but I am quite certain that in the long run it will also have an emaciating effect on literature itself. Already, certain artistic forms have disappeared. How many writers do you think can afford, for example, to sit down for 2-3 years to conceive and create a long novel? How would they support their families in the meantime? Several writers have been forced on occasions to churn out less demanding works in the hope of reaping quick monetary rewards by selling them to "publishers" who can pay them more up-front than Magveto. For while we are also free to increase our writers honorariums, we do not have the money to do so.

A.Sz.: This is enough to make one blush. Does Magveto have anything at its disposal that could help inspire writers to produce more popular works of best seller quality without having to make artistic or aesthetic compromises?

M.H.: It is a rare and lucky moment when literary value and success meet. Such, for example, are the novels of Magda Szabo whose style of writing has captured the imagination of a wide variety of people which is why her books are always good sellers. For the most part, however, best sellers are generally the products of some kind of shortage, i.e., of the discrepancy between knowledge and hunger for information. Things like the beauty queen contest affair and the Mexican soccer fiasco. The reason why writings about Transylvania are so quickly bought up by the public is because they provide accurate information about a subject which when raised openly is almost always discussed in riddles or words with hidden meanings. It is by no accident that most of Magveto's best seller hopefuls this year are the products of Soviet literature. We will be publishing works by Ribakov, Granin and Dudyintsev.

A.Sz.: But our professional domestic publishers have not even been able to take full advantage of their truly great successes. Due to a lack of funds and tied up printing capacities it has been nearly impossible to reprint anything quickly.

M.H.: This is the artificial structure of book publication which we inherited from the post-nationalization period, and which we have been stuck with ever since. For decades, everybody has known that this structure is bad for all of us, that it only intensifies internal conflicts of interest, and that it is ill-suited for ingraining proper publishing practices. Still nothing has been done.

A.Sz.: Would it take a governmental decision to change this structure?

M.H.: A decision alone is not enough. We need to carefully examine the entire process of getting the book from the writer to the reader. Unfortunately, the book business does not have any good formulae that could change the situation. Some have recommended that in order to eliminate any conflicts of interests the printing industry should be placed under the Ministry of Education. This would be a tragedy. From what is the education ministry expected to finance the printers, too? Or should culture be transferred over to industry? Ridiculous. Somehow we must find our way out of these armor-coated stereotypes.

A.Sz.: Are you suggesting that we need to create a whole new system?

M.H.: Not necessarily. Between the two world wars there had been many publishers in Hungary that printed their own books, handled their dissemination, and were still able to survive.

A.Sz.: Having been forced to compete with this "anything goes" brand of book publishing, what will the fate

of our state publishers be? Once again, we have gone from one extreme to another. We must establish which values are important enough to us to protect at all cost. We must find out what we need to use and how we want to educate, entertain and serve our readers. We must learn how we can best utilize culture and literature in building our future. Once we have a clear idea of all this and can consistently guarantee that we will not lose sight of them, then we can start worrying about other things that are also nice to have. Things like a more colorful palette or a richer selection. If, on the other hand, we are unable to stand up for something we believe in, if we do not know exactly what it is that we want and permit everything, that is not democracy.

A.Sz.: What is it then?

M.H.: Anarchy.

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